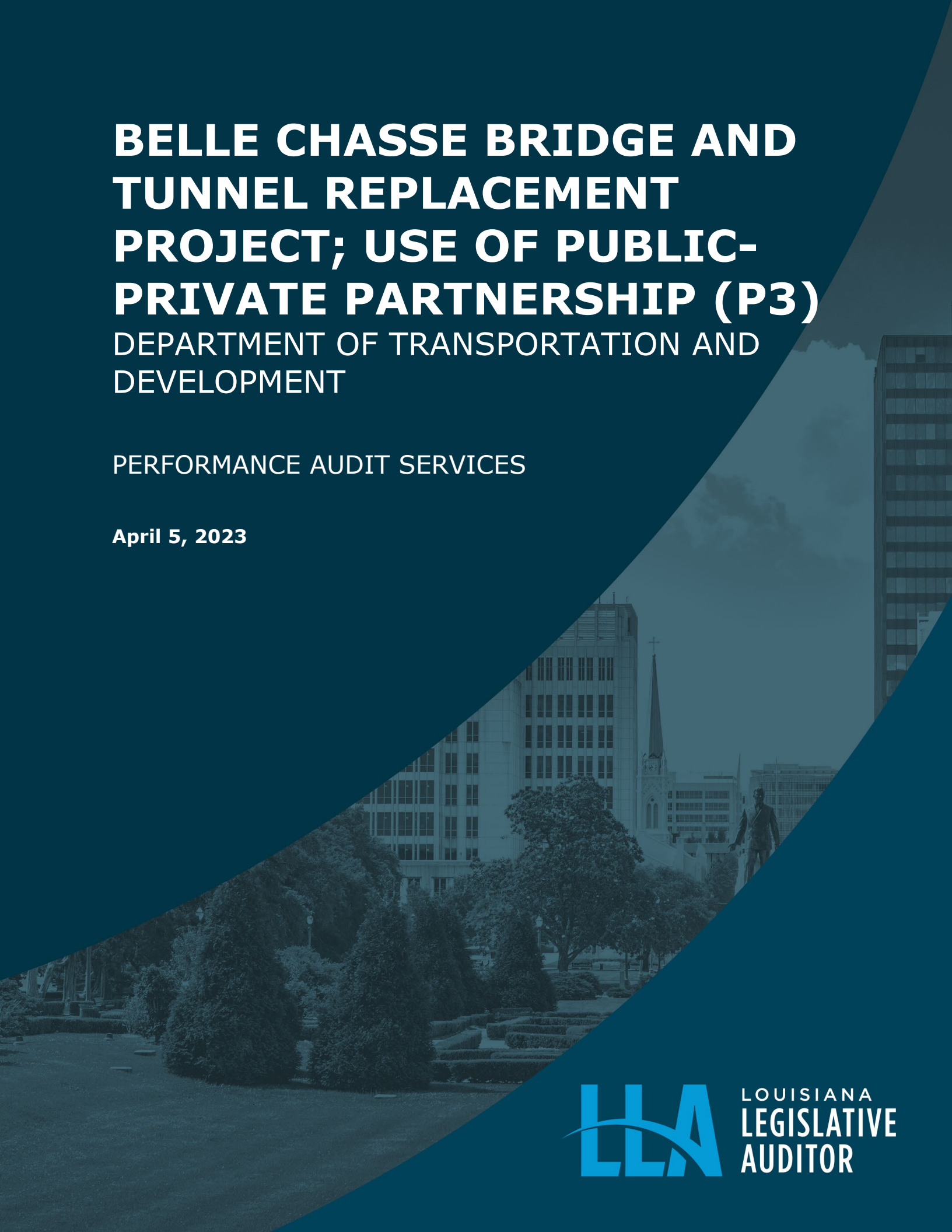
BELLE CHASSE BRIDGE AND TUNNEL REPLACEMENT PROJECT; USE OF PUBLIC-PRIVATE PARTNERSHIP (P3)

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

PERFORMANCE AUDIT SERVICES

April 5, 2023



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April 5, 2023

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our evaluation of the Belle Chasse Bridge and Tunnel Replacement Project Public-Private Partnership (Belle Chasse P3 project).

Through a series of 22 questions, we examined the selection and procurement of the project as a P3, the estimated project construction cost, projected toll rates and fees, the estimated Department of Transportation and Development (DOTD) windfall amount and return on investment for the developer, and other provisions in the Belle Chasse P3 contract.

Among our findings, DOTD does not have a process in place to determine when to use a public-private partnership for a project, although it developed a set of procurement guidelines for the Belle Chasse P3 project that complied with state law and applicable federal laws and regulations. Overall, DOTD followed the procurement guidelines it created for the Belle Chasse P3 project, including subjecting the one proposal it received to a competitive evaluation before selecting it as the winning proposal. We also did not find any evidence that the winning proposer improperly influenced the outcome of the P3 procurement process.

We found that the total contract cost is expected to be $170 million and includes design and construction of the new bridge, demolition of the old bridge, decommissioning of the tunnel, and additional costs due to change orders. Of the $170 million, the developer is responsible for paying at least $66.1 million (38.9% of total cost), with the rest being funded with federal monies and no investment from the state for the contract cost.

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In addition, DOTD negotiated a reduced toll rate for Plaquemines Parish residents driving a Class 1 automobile with a toll tag, which is not subject to inflation adjustments. The toll rate will be $0.25 each way in year 1 and by year 30, when the contract with the project developer ends, the toll rate will $0.60 each way for Plaquemines Parish residents with a toll tag for Class 1 automobiles. The toll rate will be higher for all other automobiles with or without toll tags, as well as for medium- and large-size trucks, and these rates are subject to inflation adjustments.

We also found that the developer potentially could collect toll revenues in excess of $748.2 million over the 30-year contract if the assumptions in the financial model are accurate. This is not all profit for the developer because the developer will use this revenue to repay capital and interest on outstanding debt, to pay tolling administration costs, and to pay for operations and maintenance of the new bridge for up to 30 years. DOTD could also receive a share of toll revenue in excess of $22.2 million over this 30-year period.

Additionally, the current alternative bridge, the General DeGaulle Bridge, is 5.25 miles away from the Belle Chasse project site. If northbound drivers on LA 23 want to avoid the new Belle Chasse Bridge, they will have to travel a 9.85-mile detour using LA 406, the General DeGaulle Bridge, and LA 428 to return to LA 23.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to DOTD for its assistance during this audit.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Belle Chasse Bridge and Tunnel Replacement Project; Use of Public-Private Partnership (P3) Department of Transportation and Development

April 2023

Audit Control # 40220014

Introduction

This report provides the results of our evaluation of the Belle Chasse Bridge and Tunnel Replacement Project Public-Private Partnership (Belle Chasse P3 project). Senate Concurrent Resolution No. 41 of the 2022 Regular Legislative Session requested that the legislative auditor review this project and, if applicable, make recommendations for future P3 projects based on best practices. The Belle Chasse P3 project is DOTD's first *transportation* P3 project. The Louisiana Joint Legislative Committee on Transportation, Highways, and Public Works (JLTC) approved the execution of the Belle Chasse P3 Comprehensive Agreement (contract) on December 18, 2019.[1] Exhibit 1 provides a picture of the Belle Chasse P3 project's construction progress as of February 2023.

A **public-private partnership (P3)** is a long-term contractual agreement between a public agency and a private entity to fund, design, build, operate, and maintain a public asset (e.g., toll bridges) for a given length of time where a private partner assumes some of the risks and management responsibilities of the asset.

Source: The Federal Highway Administration and the Belle Chasse Bridge and Tunnel Environmental Assessment.

Exhibit 1
Belle Chasse Bridge Construction
As of February 2023

Source: Picture provided by the developer.

The Belle Chasse Tunnel was constructed in 1955. The existing Belle Chasse Bridge was constructed in 1967 to alleviate congestion in the tunnel spurred by economic growth in the state. The existing bridge features a vertical lift, which raises the center span for marine traffic to pass underneath. During normal operations, the tunnel serves only southbound traffic, while the existing bridge serves only northbound traffic. Appendix C provides a summary of the history of the Belle Chasse Bridge and Tunnel.

[1] https://senate.la.gov/s_video/videoarchive.asp?v=senate/2019/12/121819JtTHPW_0

The Louisiana Department of Transportation and Development (DOTD) recommended the Belle Chasse Bridge and Tunnel Replacement Project be financed as the first transportation P3 project in Louisiana. P3s are structured differently than traditional Design-Bid-Build projects. Under traditional Design-Bid-Build procurement methods, private contractors construct projects based on a public design with *public financing* and turn over the infrastructure to the public agency upon completion for operations and maintenance. Under the P3 model, multiple project functions, such as design, build or rehabilitate, finance, operate, and maintain, are combined and financed by a combination of public and private funds. In addition, the project is typically not turned over to the public agency until a defined amount of time after the project is built and the developer recoups its investment plus agreed-upon returns. During that time, the developer operates and maintains the structure and covers costs associated with the operations and maintenance of the structure.

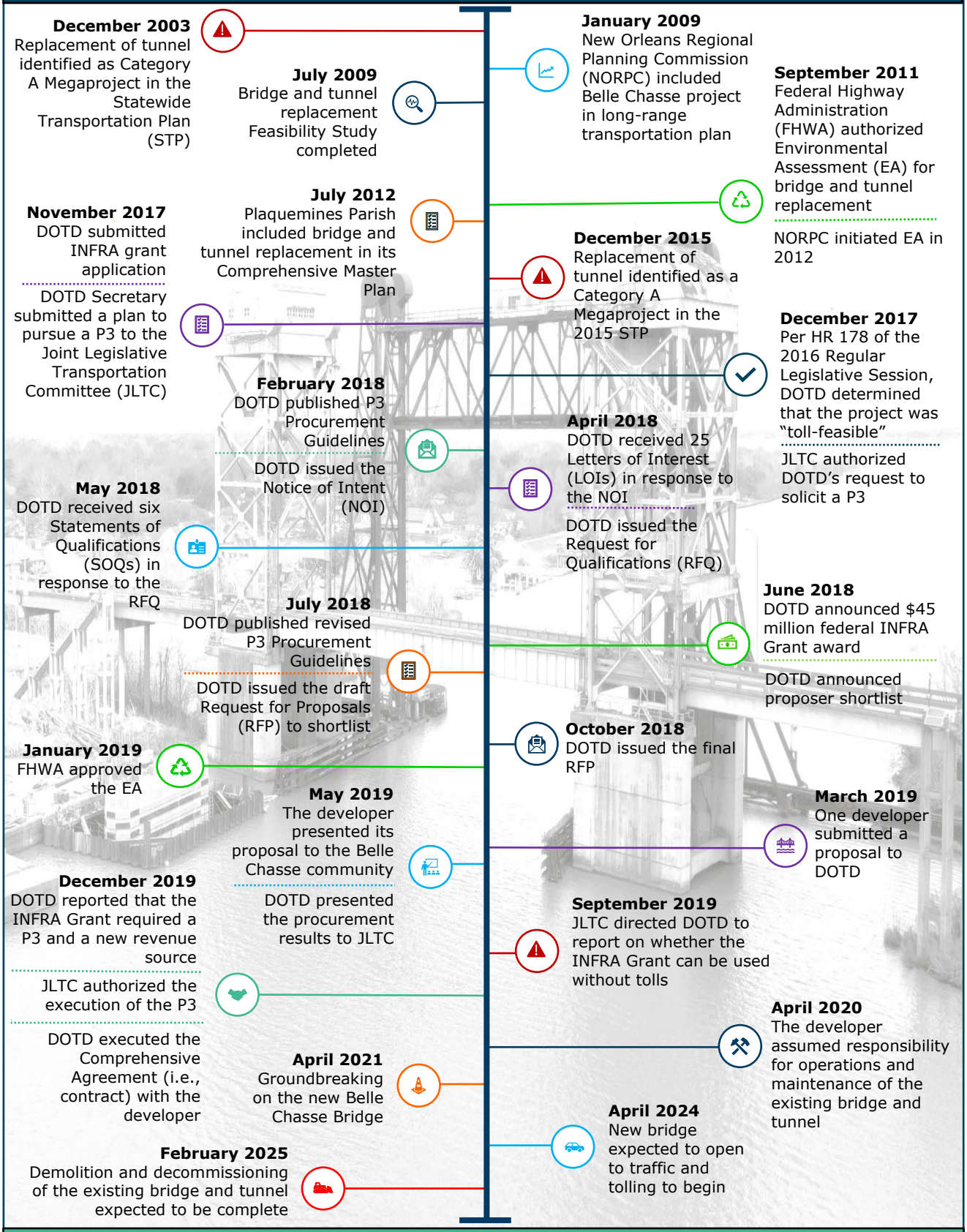
A **developer** is a private company or team of private companies created specifically to implement a P3 project.

Source: The Federal Highway Administration.

Because P3 projects are partially privately financed, the developer may assume most of the financial risk and rewards for the project. Compensation arrangements are structured differently among P3 projects, including using tolls as compensation, but all P3s require revenue to pay back the developer's upfront investment. The Belle Chasse P3 project is using tolls to compensate the developer for its investment in the project. Appendix D provides greater detail on how P3 projects are structured and how they differ from a traditional Design-Bid-Build.

The objective of this audit was to answer specific questions regarding the Belle Chasse P3 project including the processes used to select this project as a P3, the amount of compensation to the developer, and details on the project's implementation, including its use of tolls. Exhibit 2, on the next page, contains a timeline of major milestones in the Belle Chasse P3 project's identification and selection, procurement, and construction progress.

Exhibit 2
Belle Chasse Bridge and Tunnel Replacement Timeline



Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 project procurement documents, DOTD, and the developer.

Objectives

We answered the following questions:

Section 1: Belle Chasse P3 Project Selection and Procurement

1. How does DOTD determine which projects to procure as a P3, including selecting the Belle Chasse project as a P3, and how many P3 transportation projects does DOTD have? (pp.7-10)

2. Did DOTD follow the procurement guidelines it created for the Belle Chasse P3 project? (pp.10-12)

3. Did DOTD evaluate the Statements of Qualifications (SOQs) according to the process outlined in the Request for Qualifications (RFQ)? (pp.12)

4. Did DOTD evaluate the developer's proposal according to the process outlined in the Request for Proposals (RFP)? (pp.13)

5. Was there evidence that the selected developer influenced the outcome of the Belle Chasse P3 procurement process? (pp.14)

6. How much did DOTD spend to procure the Belle Chasse P3 project? (pp.15)

7. Did DOTD ensure that the terms of the Belle Chasse P3 contract are in the best interests of the state? (pp.16-17)

8. Did DOTD sufficiently involve/engage the public during the Belle Chasse P3 procurement process? (pp.17-19)

9. Was the Belle Chasse P3 contract with the selected developer approved in accordance with state law? (pp.19)

Section 2: Estimated Construction Cost, Toll Rates, and Fees

10. What are the total construction costs, and who is responsible for costs to demolish the old bridge, decommission the existing tunnel, and construct the new bridge? (pp.20-21)

11. How much will the tolls be, and how much will they increase annually to use the bridge? (pp.21-27)

12. How much toll revenue/fees are expected to be collected over the term of the Belle Chasse P3 contract? (pp.28)

13. How do toll rates and fees for the Belle Chasse P3 project compare to toll rates and fees in neighboring states? (pp.28-31)

Section 3: Estimated DOTD Windfall and Return on Investment for Developer

14. How much could DOTD receive from toll revenues (i.e., projected windfall)? (pp.31-35)

15. What can toll revenues and DOTD's windfall be used for? (pp.36)

16. What is the developer's expected return on investment (i.e., profit)? (pp.37-38)

17. Does the Belle Chasse P3 contract clearly state when tolling will end? (pp.39)

Section 4: Other Belle Chasse P3 Contract Provisions

18. What non-tolled alternative routes are available for residents to use? (pp.40-41)

19. Does the Belle Chasse P3 contract obligate the developer to hire local subcontractors for construction or operations and maintenance of the new bridge? (pp.41-42)

20. Who will own the newly-constructed bridge, and who is responsible for operating and maintaining the bridge? (pp.42-43)

21. Can DOTD take back the operations and maintenance of the Belle Chasse Bridge from the developer prior to the end of terms of the Belle Chasse P3 contract? (pp.43-44)

22. How will the newly-constructed Belle Chasse P3 project impact the Peters Road Bridge and Extension project? (pp.44-45)

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. The report has the following appendices:

- Appendix A provides DOTD's response.
- Appendix B provides our scope and methodology.
- Appendix C provides a summary of history of the Belle Chasse Bridge and Tunnel

- Appendix D provides detail on how P3 projects are structured and how they differ from a traditional Design-Bid-Build.
- Appendix E provides reasons for the Selection of the Belle Chasse Bridge and Tunnel Replacement Project for P3 Procurement.
- Appendix F provides the major roles played by key participants in the SOQ evaluation process.
- Appendix G provides the major roles played by the key participants in the proposal evaluation process.
- Appendix H provides the evaluation factors and rating system for Statements of Qualifications (SOQs) and P3 proposals.
- Appendix I provides varying levels of importance for technical and financial qualitative evaluation factors for a P3 proposal.
- Appendix J provides the developer's projected toll revenue collections over the 30-year life of the Belle Chasse P3 contract.
- Appendix K provides calculations for the projected windfall payments to DOTD based on projected toll revenues.
- Appendix L provides the Belle Chasse P3 contract requirements for the developer's operations and maintenance of the newly-constructed bridge.

Belle Chasse P3 Project Selection and Procurement

Question 1: How does DOTD determine which projects to procure as a P3, including selecting the Belle Chasse project as a P3, and how many P3 transportation projects does DOTD have?

While there is no process to prioritize potential P3 projects, state law[2] authorizes DOTD, with approval of the House and Senate Transportation, Highways, and Public Works committees (JLTC), to solicit proposals for P3 projects if the DOTD Secretary determines it is in the best interest of the taxpayers. According to DOTD, a P3 procurement for the Belle Chasse Bridge and Tunnel Replacement project is in the taxpayer's best interest because the private sector has the ability to leverage its financial, technical, and managerial resources to increase the efficiency and control the overall risk associated with the project.

Specifically, for the Belle Chasse P3 project, DOTD identified several areas where this project would be more efficient as a P3 project than a traditional Design-Bid-Build project:

- DOTD would not have to administer multiple contracts with varying levels of risk and liability when using a single contracting instrument for the financing, design, construction, maintenance, and operation of the facility.
- DOTD could include the operation of the LA 1 toll facility under the proposed contracting instrument.
- DOTD stated that advancing the Belle Chasse project as a privately-financed project would allow DOTD access to private sector equity investment, reducing the need for public funding.

Exhibit 3 summarizes the reasons DOTD selected the Belle Chasse Bridge and Tunnel Replacement project for P3 procurement. These reasons included the unavailability of traditional funding, a federal grant opportunity, and the poor health of the tunnel. The reasons are further explained in Appendix E.

[2] Louisiana Revised Statute (R.S.) 48:250.4

Exhibit 3
Reasons for Selecting the Belle Chasse Bridge and Tunnel Replacement Project for P3 Procurement

Reasons	Short Description
Insufficient Traditional Funding	In 2017, DOTD faced a $14.1 billion construction backlog, and efforts to raise the motor fuels tax failed.*
U.S. Department of Transportation's Nationally Significant Freight and Highway Projects (INFRA) Grant Opportunity	The U.S. Department of Transportation solicited applications for the 2017-2018 INFRA Grant award cycle, which promoted the use of P3s, especially in rural areas.
Frequent, High, and Unpredictable Cost of Maintenance	The existing movable bridge and tunnel cannot be sustained over the long term due to their age and deteriorating physical condition.
Toll Feasibility	*The 2017 Task 2 Feasibility of Tolling of Priority A and B Megaprojects Report* identified the Belle Chasse project as toll feasible and the most project-ready of six megaprojects studied.
Environmental Assessment Findings	The National Environmental Policy (NEPA) process stated that a replacement bridge would address operational constraints and increasing demands for maintenance created by aging infrastructure.
2015 Tunnel Inspection Report Findings	DOTD contracted for an inspection of the Belle Chasse Tunnel in 2015, which identified numerous critical and priority repairs and rehabilitation needs.
National, State, and Local Priority	• **National**: A replacement bridge will provide additional national security through improved and unimpeded access to a critical military installation. • **State**: A replacement bridge was identified as a Priority A (i.e., highest priority) Megaproject** in the 2003 and 2015 Statewide Transportation Plans. • **Local**: The Plaquemines Parish government listed a replacement bridge as a near-term priority in the parish's Comprehensive Master Plan in 2012. The New Orleans Regional Planning Commission (NORPC) programmed a replacement bridge in its long-range Metropolitan Transportation Plan for fiscal years 2015-2024.
Freight Movement and Economic Vitality Needs	The Gulf Intracoastal Waterway (GIWW) is a major inland commercial waterway that will benefit from the elimination of the existing vertical lift bridge.
Traffic and Congestion Issues	Multiple stakeholders expressed frustration with traffic congestion due to the bridge lifting for marine traffic and frequent tunnel closures due to maintenance activities.
Emergencies and Evacuation Challenges	The current Belle Chasse Bridge and Tunnel are located on LA 23, which is a preferred route for emergency evacuations in Plaquemines Parish.

*Motor fuel taxes are the Transportation Trust Fund's (TTF) largest revenue source and are used to fund state transportation needs.
**A "megaproject" is a high-cost project or a project of high significance when viewed from a statewide perspective.
Source: Prepared by legislative auditor's staff using information from DOTD.

Multiple DOTD maintenance reports identified the age and deteriorating physical condition of the existing Belle Chasse Bridge and Tunnel along with the costs of frequent maintenance. Exhibit 4 provides examples of DOTD's costs associated with major maintenance of the existing structures. In addition, based on the 2015 Tunnel Inspection Report Findings, DOTD scheduled $15.0 million in interim tunnel repairs; however, DOTD canceled the repairs when the decision was made to proceed with a complete replacement of the bridge and tunnel.

Exhibit 4
Examples of DOTD's Major Maintenance Costs Associated with the Existing Movable Bridge and Tunnel

Structure	Maintenance	Contract Date	Acceptance Date	Contract Amount, $	Cost to Date, $
Tunnel	Electrical/mechanical/ structural repairs	9/11/1989	2/11/1991	$902,646	$1,199,368
	Seal leaking joints	3/26/2002	4/18/2002	$24,995	N/A
	Electrical/mechanical repairs	12/3/2009	10/30/2013	$2,134,438	$2,370,689
Bridge	Cleaning and painting	2/18/1987	4/10/1987	$155,500	$155,500
	Handrail repair	3/30/2005	N/A	$24,000	N/A
	Gearbox repairs	N/A	6/1/2009	$63,000	N/A
	Wire rope, machine house, and gearbox repairs	9/20/2011	N/A	$514,000	$968,252
	Guard rail replacement	3/29/2016	N/A	$24,631	$48,520

Source: Prepared by legislative auditor's staff using information from DOTD.

Currently, the Belle Chasse Bridge and Tunnel Replacement project is DOTD's only transportation P3 contract. As of November 2022, DOTD is considering the following projects for P3 procurement:

- I-10 Calcasieu River Bridge Public-Private Partnership Project – currently in the procurement process and has been shortlisted.

- Mississippi River Bridge – currently undergoing an environmental impact study.

Recommendation 1: DOTD should consider developing a list of potential projects that would be good candidates for a P3 procurement, which will also include the information for the reasons justifying why these projects would be good candidates for P3 procurement and share this with the legislature.

Summary of Management's Response: DOTD agrees with this recommendation and stated that in order to provide more information about potential candidates for P3 projects, DOTD can and will include notes in the

Highway Priority Program identifying those projects that may be a fit for P3 project delivery. See Appendix A for DOTD's full response.

Question 2: Did DOTD follow the procurement guidelines it created for the Belle Chasse P3 project?

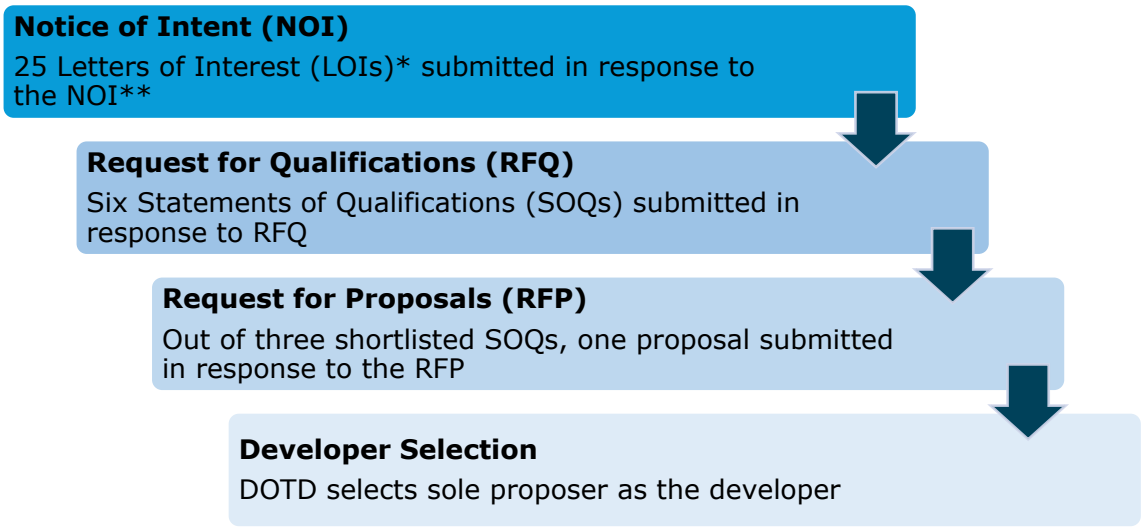
Overall, DOTD followed the procurement guidelines it created for the Belle Chasse P3 project. To procure the Belle Chasse P3 project, DOTD developed a set of procurement guidelines in compliance with the requirements of state law[3] and applicable federal laws and regulations.[4] According to the Federal Highway Administration (FHWA), P3 agreements require special procurement processes because of their size, complexity, and the length of terms. The FHWA also emphasizes the need for confidentiality during the P3 proposal process in order to provide bidders with incentives to deliver innovative designs at the lowest possible cost. According to DOTD, because this is the first transportation P3 project in Louisiana, it has not yet created a manual of departmental P3 guidelines like it has for its Design-Build and Construction Management at Risk projects.

The Belle Chasse P3 procurement guidelines established a two-phase procurement process. The first phase consisted of issuing a Request for Qualifications (RFQ) to identify a shortlist of proposers, and the second phase consisted of issuing a Request for Proposals (RFP) to the shortlisted proposers to identify a developer. The RFQ and the RFP both included technical and financial evaluation criteria specific to each phase of the procurement, established evaluation committees to rate and rank proposals, and specified how DOTD would decide the results of each phase of the procurement. Exhibit 5 summarizes the procurement process and the results of each phase.

[3] R.S. 48:250.3-250.4, R.S. 48:255.1, R.S. 48: 295.1-295.2, R.S. 48:2084 et seq, and R.S. 44:1-37. The audit team did not evaluate whether DOTD violated R.S. 48:2084.15 by not obtaining written approval from the Plaquemines Parish Port Authority to operate a P3 facility in their jurisdiction. The Louisiana Attorney General concluded that a declaratory judgment would be more appropriate than an Attorney General opinion given the controversial nature of the project and the likely prospect of litigation.

[4] 23 U.S.C.A 112, 23 CFR 636, and 48 CFR 9

Exhibit 5
Belle Chasse Replacement P3 Procurement Process and Results



* One company submitted an individual LOI, but also submitted a separate LOI as part of a proposer team.
** According to DOTD, LOIs for the Belle Chasse P3 project came from developers, contractors, and firms that were technical, financial, or legal in nature. Of the 24 companies that submitted an LOI, 14 (58.3%) were included as members of a proposer team that later submitted an SOQ in response to the RFQ.
Source: Prepared by legislative auditor's staff using information from procurement documents for the Belle Chasse P3 project.

Based on our review of DOTD's procurement records, evaluation criteria and procedures, and selection methodology, the audit team concluded that overall, DOTD followed its procurement guidelines. DOTD did not provide documentation of its best-value determination[5] in its selection of the developer. However, because DOTD only received one proposal, a best-value determination was not necessary for this project because making a best-value determination required a comparison of at least two proposals.

Recommendation 2: DOTD should create a manual of departmental P3 guidelines similar to its procurement manuals for Design-Build and Construction Management at Risk projects.

Summary of Management's Response: DOTD partially agrees with this recommendation and stated that DOTD followed the procurement guidelines created by the Agency for the Belle Chasse Bridge and Tunnel Replacement

[5] According to the RFP, a best-value determination considers whether the added value offered by one proposal over another justifies any added costs to the public by comparing the relative benefits offered by competing proposals.

(P3) Project and contracted with various discipline advisors with experience in the procurement of P3 projects. See Appendix A for DOTD's full response.

Question 3: Did DOTD evaluate the Statements of Qualifications (SOQs) according to the process outlined in the Request for Qualifications (RFQ)?

It is not clear whether DOTD followed the evaluation process outlined in the RFQ because DOTD could not provide the SOQs and Shortlist Evaluation Committee (RFQ Committee) evaluation worksheets for three of the six (50%) SOQs it received. Because of this, we were unable to conclude that the three shortlisted teams had the three highest-rated SOQs. The RFQ Committee graded the SOQs and recommended the shortlist to the DOTD Secretary. External technical, financial, and legal advisors, as well as FHWA representatives, also reviewed the SOQs. The RFQ Committee evaluated SOQs on both pass/fail and qualitative evaluation factors. The qualitative evaluation factors were graded on a scale ranging from Exceptional (i.e., highest) to Unacceptable (i.e., lowest). Appendix F outlines the major roles played by key participants in the SOQ evaluation process, and Appendix H provides the evaluation factors and rating system for SOQs. However, DOTD was unable to provide us with the evaluation worksheets for the three SOQs it did not recommend for the shortlist, so we could not evaluate whether these three SOQs actually had the lowest evaluations.

The three proposer teams that were not shortlisted did not protest their exclusion from the shortlist. DOTD held one-on-one procurement debriefings with each of the proposer teams that were not shortlisted. The proposers waived their right to challenge the procurement by attending these meetings.

Recommendation 3: DOTD should ensure it documents its implementation of the RFQ process for future P3 proposals and retains the supporting documentation in accordance with its retention policy.

Summary of Management's Response: DOTD agrees with this recommendation and stated that DOTD has a records retention policy and will exercise due diligence to ensure that all documents related to P3 procurement are retained according to the policy. See Appendix A for DOTD's full response.

Question 4: Did DOTD evaluate the developer's proposal according to the process outlined in the Request for Proposals (RFP)?

Even though DOTD only received one proposal, DOTD subjected the proposal to a competitive evaluation per the requirements of the RFP before selecting it as the winning proposal. DOTD evaluated the developer's proposal according to the process outlined in the RFP. DOTD established a P3 Proposals Evaluation Committee and a Financial Review Committee (RFP Committees) to grade proposals. External technical, financial, and legal advisors, as well as FHWA representatives also reviewed the developer's proposal. Appendix G outlines the major roles played by the key participants in the proposal evaluation process. The RFP Committees graded the developer's Technical and Financial Proposals separately on the pass/fail and qualitative evaluation factors outlined in Appendix H. Technical and financial qualitative evaluation factors were assigned varying levels of importance, as shown in Appendix I. The qualitative evaluation factors were graded using the same scale used to grade SOQs, as described in Appendix H. The RFP Committees rated the developer's Financial Proposal as Acceptable and its Technical Proposal as Acceptable+, and the DOTD Secretary determined that the proposal met the requirements of the RFP.

Because DOTD only received one proposal, some of the RFP evaluation requirements were not applicable. For example, the RFP stated that the DOTD Secretary would conduct a tradeoff analysis to select the best-value proposal, but as discussed previously in the report, this was not necessary for this project. We also reviewed the RFP Committees' proposal evaluations and the external advisors' feedback on the proposal. Even though DOTD only received one proposal, we concluded that DOTD subjected the proposal to a competitive evaluation per the requirements of the RFP before selecting it as the winning proposal.

DOTD did not violate its procurement guidelines, state law, or federal regulations by awarding the Belle Chasse P3 contract to a single bidder. State law[6] exempts P3 procurement from the provisions of the Louisiana Procurement Code, and DOTD's procurement guidelines did not require that more than one proposal be submitted to award the P3 contract. Federal regulations[7] require that P3 procurements be competitive in order to receive federal highway funds. Even though DOTD only received one proposal, we concluded that DOTD used a competitive process to procure the Belle Chasse P3 project.

While several stakeholders expressed concern with the fact that DOTD only received one proposal for the Belle Chasse P3 project, we concluded that DOTD used a competitive procurement process in order to solicit proposals for the P3. According to DOTD, it cannot control whether shortlisted teams actually submit proposals, nor does being shortlisted obligate a private entity to submit a proposal.

[6] R.S. 48: 2084.13
[7] 23 CFR 636.119

Question 5: Was there evidence that the selected developer influenced the outcome of the Belle Chasse P3 procurement process?

We did not find evidence that the developer improperly influenced the outcome of the P3 procurement process. According to both the RFQ and the RFP, proposers were prohibited from communicating with one another during the procurement process or with any DOTD staff other than the designated DOTD point of contact for the procurement. Improper communication could have resulted in disqualification at DOTD's sole discretion. While improper communication was prohibited, there was no way for us to verify that communication did not occur outside of reviewing DOTD's procurement records. It is in the best interest of proposers to provide their most competitive proposal in order to win a project. If a proposer knows it is the sole proposer, it might influence them to submit a non-competitive proposal (i.e., higher costs or higher toll rates), which DOTD might not be willing to consider or which could result in DOTD canceling the project. Either outcome would result in financial loss for the proposer, because proposals often take years and millions of dollars to develop.[8]

We did not find evidence that the developer knew the other two shortlisted teams had chosen not to submit proposals prior to DOTD announcing the results of the procurement. In addition to the prohibition on communication with other proposers, the RFP required the developer to submit a sworn affidavit of non-collusion along with its proposal, legally affirming[9] that it had not influenced, nor had been influenced by, any other person or firm in connection with the project. The procurement records indicate that one shortlisted proposer stopped participating in the procurement in December 2018 without submitting a formal letter of withdrawal to DOTD, while the other formally withdrew in March 2019, four days before the proposal submission deadline. Both non-submitting proposers expressed concerns with the allocation of risks in the draft contract prepared by DOTD. One proposer stated that DOTD was placing too much financial risk on the private partner for "extremely unlikely" events, and that their financial partners were unwilling to accept those risks.

[8] DOTD may choose to pay a stipend to unsuccessful proposers, and it may choose to pay a portion of the stipend in the event of project cancelation. However, stipend amounts are usually not large enough to cover all of a proposer's costs for developing a proposal. According to the U.S. Department of Transportation, proposal development costs may exceed $10 million for large and complex projects.
[9] According to the RFP, the affidavit of non-collusion is subject to applicable state and federal laws, both criminal and civil.

Question 6: How much did DOTD spend to procure the Belle Chasse P3 project?

According to DOTD, the total cost of the Belle Chasse P3 project planning phase and P3 procurement was approximately $6.8 million. Exhibit 6 summarizes these costs. The total includes the cost of conducting the environmental assessment as required by federal regulations[10] and the contract amounts for external technical, financial, and legal advisors, as well as the costs of other procurement activities.

Exhibit 6
Planning and Procurement Costs for the Belle Chasse P3 Project

Purpose	Cost
Project Planning Phase	
Feasibility Study	$299,753
Environmental Assessment	1,759,660
Pre-Construction Engineering (e.g., topographical survey and subsurface utility engineering services)	581,134
Planning Subtotal	**$2,640,547**
P3 Procurement Phase*	
Design-Build and Other Alternative Delivery Support Services	$1,854,595
Comprehensive Strategic Advisory Services related to Louisiana Transportation Authority Participation in P3s	1,500,000
Alternative Delivery Procurement and Legal Support	765,696
Belle Chasse Bridge Public Outreach	49,900
Procurement Subtotal	**$4,170,191**
Total	**$6,810,738**

*The first three items listed under the procurement phase are contracts with external technical, financial, and legal advisors.
Source: Prepared by legislative auditor's staff using information provided by DOTD.

DOTD did not pay any stipends for the Belle Chasse P3 procurement. According to the RFP, DOTD had pledged a $500,000 stipend for each fully responsive,[11] but unsuccessful, proposal. However, DOTD only received one proposal, which was awarded the Belle Chasse P3 contract, so there were no unsuccessful proposers.

A **stipend** is a payment made by a public agency to encourage competition, to offset bidding costs, or to compensate unsuccessful proposers for concepts proposed in their bid that may be incorporated into the final project design. Stipends are recommended on large projects where there is substantial opportunity for innovation and the cost of submitting a proposal is significant.

Source: The Federal Highway Administration and 23 CFR 636

[10] 23 CFR 771
[11] According to the RFP, in order to receive a stipend, an unsuccessful proposer had to submit all required components in their proposal, as well as receive a pass on all pass/fail evaluations and at least an Acceptable on all qualitative evaluations.

Question 7: Did DOTD ensure that the terms of the Belle Chasse P3 contract are in the best interests of the state?

Based on our review of procurement documents, proposer questions, and DOTD responses, as well as draft and final versions of the Belle Chasse P3 contract, it appears that DOTD negotiated a contract that placed a considerable amount of the financial risk[12] on the developer. This included negotiating a lower toll rate than originally proposed and agreeing to buy down the Consumer Price Index (CPI) adjustments for Plaquemines Parish residents with a toll tag and driving automobiles.[13] To help ensure that the Belle Chasse P3 contract was in the best interest of the state, DOTD and its legal advisors developed the draft terms of the contract, which were included in the RFP. DOTD specified in the RFP that it would only agree to limited negotiations of these terms.

During the RFP process, the shortlisted proposers had the opportunity to request revisions to the draft contract. DOTD accepted some requests, such as providing compensation to the developer for lost toll revenue in the event of a change in law[14] exempting more bridge users from paying tolls. However, DOTD also refused to change some terms of the contract if doing so would place additional financial risk on the state. For example, one proposer requested to receive DOTD's final comments on the financial model much earlier than the deadline established in the draft contract, but DOTD refused to move the deadline, stating that it must have reasonable assurances that the state's funds were being appropriately represented in the financial model.

DOTD refused to change some terms of the contract if doing so would restrict the state's authority over the project. For example, DOTD refused to limit its ability to suspend tolling on the new bridge, as requested by one shortlisted proposer during the RFP process.

Source: Prepared by legislative auditor's staff using documentation provided by DOTD.

According to the FHWA, provisions of a P3 contract that are left to negotiations typically relate to implementation, oversight, and monitoring, but the optimal structure of a P3 contract depends on the project's characteristics, the public agency's goals, and the private partner's incentives to participate. For example, while the FHWA recommends that the public agency set the length of the concession term, in order to negotiate a contract in the best interest of the state, one of DOTD's primary goals for the Belle Chasse P3 project was to have the lowest possible toll rates for the shortest possible term (i.e., no more than 30 years). Examples of revisions to the draft contract and Technical Provisions to benefit the state and/or Belle Chasse residents include the following:

[12] Exhibit D.3 summarizes the different P3 financial risk structures.
[13] DOTD agreed to pay the cost of CPI adjustments for Plaquemines Parish residents with transponders (toll tags) driving automobiles (i.e., not medium or large trucks/trailers), and the developer reduced the proposed initial toll rates for these users from $0.45 each way to $0.25 each way.
[14] This provision only applies to bridge users who may be exempted from paying tolls after December 20, 2019, the date the Belle Chasse P3 contract was signed.

- A reduction in proposed initial toll rates for local bridge users (i.e., Plaquemines Parish residents with toll tags driving automobiles).
- An agreement for DOTD to buy down CPI adjustments for local bridge users (i.e., Plaquemines Parish residents with toll tags driving automobiles) in order to maintain predictable toll rates for Belle Chasse residents.
- Revisions to the new bridge's design to minimize negative impacts on local businesses and residents with property in the original project right-of-way.

Question 8: Did DOTD sufficiently involve/engage the public during the Belle Chasse P3 procurement process?

DOTD, the New Orleans Regional Planning Commission (NORPC), JLTC, and the developer all engaged the public through public information sessions, meetings, and hearings during the project planning phase, the P3 procurement phase, or both phases of the Belle Chasse Bridge and Tunnel replacement project. However, several stakeholders stated they did not think DOTD sufficiently involved the public during the Belle Chasse procurement process and during the meetings, and voiced concerns regarding the tolls. The developer has also continued to host public events in the Belle Chasse community, as well as provide opportunities for public engagement, including posting announcements, and accepting public comments and inquiries through its project website[15] and social media accounts. Several public meetings were held during the planning and P3 procurement phases for the project. Exhibit 7 summarizes the meetings held during the planning and procurement phases.

Exhibit 7
Public Engagement Meetings During Belle Chasse and Tunnel Replacement Project Planning and Procurement

Meeting	Host	Date	Location
Planning Phase			
Environmental Public Information Meeting 1	DOTD/NORPC	February 26, 2013	Belle Chasse
Environmental Public Information Meeting 2	DOTD/NORPC	June 7, 2016	Belle Chasse
Environmental Public Information Meeting 3	DOTD/NORPC	July 10, 2018	Belle Chasse
Environmental Public Hearing	DOTD/NORPC	November 28, 2018	Belle Chasse
P3 Procurement Phase			

[15] https://bellechassebridge.com/

Exhibit 7 Public Engagement Meetings During Belle Chasse and Tunnel Replacement Project Planning and Procurement			
Meeting	**Host**	**Date**	**Location**
JLTC Hearing	JLTC	December 14, 2017	Baton Rouge
Proposal Presentation	Developer	May 29, 2019	Belle Chasse
JLTC Hearing	JLTC	May 30, 2019	Baton Rouge
JLTC Hearing	JLTC	September 13, 2019	Baton Rouge
JLTC Hearing	JLTC	December 18, 2019	Baton Rouge
Source: Prepared by legislative auditor's staff using information from the Environmental Assessment for the Belle Chasse P3 project, the Louisiana State Legislature website, and DOTD.			

Public hearings were also held by JLTC, the latter two of which – September 13 and December 18, 2019 – were heavily attended by members of the Belle Chasse community following the selection of the developer.

DOTD could have improved its communication to the public regarding the toll rate amounts and their annual increases. Even though the developer is contractually obligated to notify the public at least 90 days prior to toll rate adjustments through a website notice, notices published in newspapers, and through other reasonable means, DOTD could have improved its communication to the public by posting the base rate schedule for tolls for all types of vehicles and by providing examples of how to calculate expected toll rates based on inflation. According to the U.S. Department of Transportation, a successful P3 project requires public support in addition to attracting private sector interest, and it is important to proactively solicit public input early and throughout the P3 process. Public involvement during the project development phase can help state agencies determine which projects are desirable, defuse politically controversial issues (e.g., tolling), and lead to a smoother procurement process, and this is particularly important for states that are new to P3s. However, P3 proposals typically contain commercially confidential or proprietary information (e.g., returns on investment or innovative designs) that private partners do not want disclosed to the general public or their competitors, so public agencies have to be careful to develop a P3 process that balances their protection of the public's interests against the private sector's need for confidentiality and fair competition.

According to the procurement documents, the developer incorporated a strong communication plan into its proposal, which highlighted public meetings, toll tag education, emergency communication, and community input. Following its selection, the developer presented its proposal to the Belle Chasse community, and it has hosted or participated in various public events in Belle Chasse since the contract execution, including town hall meetings, open house expositions, local fundraising activities, parish council meetings, and meetings with local business groups. The developer also regularly posts project updates and events to its project website and social media accounts, and responds to resident questions and concerns submitted via email, phone,

through the website, or on social media. According to one stakeholder we interviewed, the developer has done a good job communicating with the parish and keeping residents informed of updates and road closures. The developer also told us that it wants to be a contributing member of the community and build a positive relationship with the residents because it is going to be operating the project in Belle Chasse for a long time.

The developer provided a copy of its proposal to the Plaquemines Parish President before the contract was approved by JLTC. The developer provided a copy of its proposal to the Plaquemines Parish President on June 5, 2019. On August 12, 2019, the Plaquemines Parish Government, including the Parish President and Parish Council, provided their response to DOTD. In their response, the parish government confirmed that the project was consistent with the Plaquemines Parish Comprehensive Master Plan. However, the Parish government also expressed concerns with the proposal's financial impact on the community and residents and a desire to see the Peters Road Extension project completed instead.

> **Recommendation 4:** For future P3 projects, DOTD should ensure it publishes toll rate schedules and clearly communicates how these schedules are used to determine the expected toll rates following inflation or other adjustments based on contractual agreements.
>
> **Summary of Management's Response:** DOTD agrees with this recommendation and stated that DOTD will exercise due diligence to ensure that the expected and final toll rates are communicated to the public at the earliest opportunities. See Appendix A for DOTD's full response.

Question 9: Was the Belle Chasse P3 contract with the selected developer approved in accordance with state law?

We found that the Belle Chasse P3 contract was approved in accordance with state law. State law[16] prior to June 2022 was not clear whether JLTC was required to approve the soliciting of P3 proposals and entering into P3 contracts separately, but DOTD still sought approval from JLTC to execute the Belle Chasse P3 contract. JLTC approved the execution of the contract for the Belle Chasse P3 project in December 2019. Act 758 of the 2022 Regular Legislative Session clarified this state law[17] by adding the requirement for JLTC to approve DOTD's request to solicit proposals and to execute contracts for future P3 projects separately. In addition, the FHWA is required to critically review all contracts involving federal funds and grant a formal concurrence in the award of the contract, which was granted in December 2019 for the Belle Chasse P3 project.

[16] R.S. 48: 250.4
[17] R.S. 48: 250.4

Estimated Construction Cost, Toll Rates, and Fees

Question 10: What are the total construction costs, and who is responsible for costs to demolish the old bridge, decommission the existing tunnel, and construct the new bridge?

The total Belle Chasse P3 contract cost is $170 million for the design and construction of the new bridge, demolition of the old bridge, decommissioning the existing tunnel, and the additional costs due to change orders. The contract lists the following costs associated with the project:

- Pre-construction and Construction Costs: $166,693,000
- Bridge and Fender Demolition Costs: $2,471,000
- Tunnel Decommissioning Costs: $830,000
- Total Costs: $169,994,000

Of the $170 million, the developer is responsible for paying at least $66.1 million (38.9% of total cost), with the rest being funded with federal funds. The state is not using any state general funds for the design and construction phase of the project except for the $83,896 (0.05% of projected total) it has spent on change orders. In July 2021, DOTD amended its INFRA Grant term sheet to reduce its state contribution and replace it with all federal formula funds (allocated to DOTD) due to the loss in Transportation Trust Fund revenues estimated through the Louisiana's Revenue Estimating Conference's official projections. In addition, NORPC pledged to pay $12 million of the $17 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds. DOTD had previously allocated $41.9 million in federal formula funds for tunnel maintenance that were repurposed for this project. The remaining $66.1 million will be paid for by the developer and recovered from toll revenues. If the cost of the project increases, the developer will be responsible for that additional cost. Exhibit 8 summarizes the funding by source for the Belle Chasse P3 project for construction phase.

Exhibit 8 Funding Source for Construction Phase		
Funding Sources	**Amount**	**Percent**
INFRA Funds	$45,000,000	26.5%
Federal Formula Funds	41,911,000	24.6%
GARVEE* Funds	17,000,000	10.0%
Other funds - Tolls	66,083,000	38.9%
Projected Project Cost	**$169,994,000****	**100%**
*GARVEE funds constitute federal assistance. **Contract amount only. This does not include debt service, contingency, right of way, or utility relocation costs. **Source:** Prepared by legislative auditor's staff using information from the INFRA Grant Application for the Belle Chasse P3 project.		

In addition, there have been six change orders totaling $83,896 (0.05% of projected total) associated with the Belle Chasse P3 project since DOTD signed the Belle Chasse P3 contract on December 20, 2019. DOTD is paying these change orders. For maintenance on the existing bridge and tunnel, change orders can only be submitted for major pre-existing maintenance issues.

Had the state identified at least $111.1 million in additional funding,[18] DOTD could have built the bridge without a toll. The shortfall between dedicated federal funding and the Belle Chasse P3 contract cost is approximately $66.1 million. However, the INFRA Grant required the use of a revenue source that did not previously exist (i.e., a toll or special tax). Had the project moved forward without a toll or new tax, the FHWA would have required the state to return the INFRA Grant. If the project were built under the same specifications as the contract, but without tolls, the state would have needed to identify at least an additional $111.1 million. However, if the cost of the project were to increase, the state would have been responsible for identifying these additional funds.

Question 11: How much will the tolls be, and how much will they increase annually to use the bridge?

The toll rate for Plaquemines Parish residents driving a Class 1 automobile with a toll tag will be $0.25 each way in year one, and by year 30 the toll rate will be $0.60 each way. The developer can begin collecting tolls when the new bridge is open in both directions. According to the Belle Chasse P3 contract, there are different toll rates based on residency, type of vehicle, and if the user has a toll tag. In addition, the toll rates will be adjusted annually for inflation based on the Consumer Price Index (CPI)[19] for everyone except Plaquemines Parish

[18] This amount does not include 30-year future maintenance costs for the newly-constructed bridge.
[19] Bureau of Labor Statistics publishes Consumer Price Index (CPI) values on its website www.bls.gov. The CPI measures inflation in the price of goods and services purchased for personal consumption (i.e., groceries, housing, personal transportation, health care services, etc.). The Belle Chasse P3 contract specifies what specific CPI should be used in determining the Expected Toll Rates, i.e. CPI, All

residents driving Class 1 vehicles with toll tags. The contract also defines planned annual increases for all bridge users, regardless of class of vehicle, residency, or toll tag status. The developer is required to provide to the general public at least 90 days prior notice of any planned toll rate adjustments through website notice, notices published in newspapers of general circulation in the areas where the new bridge will be located, and through other reasonable means.

The Belle Chasse P3 contract is set up so it is in the best interest of all users of the new bridge, regardless of vehicle type, to use a toll tag. Having a toll tag decreases the cost of tolls significantly. The developer agreed in the contract to provide the first toll tag free of charge for all users, regardless of residency status or vehicle type. Toll tag users will be required to set up an account. According to the Belle Chasse P3 contract, toll tag users will be able to replenish their accounts over the phone, with a mobile app, website, or in person at contracted retail outlets. There are three different toll rate categories based on vehicle class and within these vehicle classes, toll rates for residents, non-residents, and toll tags. Exhibit 9 shows the different types of vehicles for the different toll rates.

Exhibit 9
Vehicle Class for Toll Amounts

Vehicle Type	Vehicle Description	
Class 1- Automobile		Motor vehicles without trailers, not larger than 20 feet in length, 8 1/2 feet in width and 12 feet in height.
Class 2- Medium Truck/ Trailer		Motor vehicles from 20 feet in length to 35 feet in length with a width of 8 1/2 feet in width and height of from 12 feet to 13 feet.
Class 3 - Large Truck/ Trailer		Motor vehicles that are Semi-Trucks that are greater than 35 feet in length with a width of 8 1/2 feet in width and higher than 13 feet in height.

Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract and the developer's presentation.

Toll rates provided in the Belle Chasse P3 contract increase one penny every year during years one through four, and two pennies every fifth year of each five-year cycle (standard base increases). Vehicles traveling in each direction of the newly-constructed bridge will be charged the toll matching their vehicle category and toll tag status. Exhibit 10 summarizes the toll rates listed in the contract based on vehicle class. These rates are considered to be

Urban Consumers, U.S. City Average, All items, Not Seasonally Adjusted (BES Series ID: CUUR0000SA0).

base rates to which CPI adjustments will be applied annually, except for Plaquemines residents with a toll tag.

Exhibit 10
Base Toll Rates for the Belle Chasse Bridge by Vehicle Classification and Toll Tag Use[1] (Not Adjusted for CPI)

Year[2]	Plaquemines Parish Resident Automobiles	All Other Automobiles		Medium Trucks/Trailers[3]		Large Trucks/Trailers[3]	
	Toll Tag	Toll Tag	No Tag	Toll Tag	No Tag	Toll Tag	No Tag
CPI adjusted?[4]	No	Yes	Yes	Yes		Yes	Yes
1	$0.25	$0.90	$1.80	$3.00	$3.90	$6.00	$6.90
2	$0.26	$0.91	$1.81	$3.01	$3.91	$6.01	$6.91
3	$0.27	$0.92	$1.82	$3.02	$3.92	$6.02	$6.92
4	$0.28	$0.93	$1.83	$3.03	$3.93	$6.03	$6.93
5	$0.30	$0.95	$1.85	$3.05	$3.95	$6.05	$6.95
6	$0.31	$0.96	$1.86	$3.06	$3.96	$6.06	$6.96
7	$0.32	$0.97	$1.87	$3.07	$3.97	$6.07	$6.97
8	$0.33	$0.98	$1.88	$3.08	$3.98	$6.08	$6.98
9	$0.34	$0.99	$1.89	$3.09	$3.99	$6.09	$6.99
10	$0.36	$1.01	$1.91	$3.11	$4.01	$6.11	$7.01
11	$0.37	$1.02	$1.92	$3.12	$4.02	$6.12	$7.02
12	$0.38	$1.03	$1.93	$3.13	$4.03	$6.13	$7.03
13	$0.39	$1.04	$1.94	$3.14	$4.04	$6.14	$7.04
14	$0.40	$1.05	$1.95	$3.15	$4.05	$6.15	$7.05
15	$0.42	$1.07	$1.97	$3.17	$4.07	$6.17	$7.07
16	$0.43	$1.08	$1.98	$3.18	$4.08	$6.18	$7.08
17	$0.44	$1.09	$1.99	$3.19	$4.09	$6.19	$7.09
18	$0.45	$1.10	$2.00	$3.20	$4.10	$6.20	$7.10
19	$0.46	$1.11	$2.01	$3.21	$4.11	$6.21	$7.11
20	$0.48	$1.13	$2.03	$3.23	$4.13	$6.23	$7.13
21	$0.49	$1.14	$2.04	$3.24	$4.14	$6.24	$7.14
22	$0.50	$1.15	$2.05	$3.25	$4.15	$6.25	$7.15
23	$0.51	$1.16	$2.06	$3.26	$4.16	$6.26	$7.16
24	$0.52	$1.17	$2.07	$3.27	$4.17	$6.27	$7.17
25	$0.54	$1.19	$2.09	$3.29	$4.19	$6.29	$7.19
26	$0.55	$1.20	$2.10	$3.30	$4.20	$6.30	$7.20
27	$0.56	$1.21	$2.11	$3.31	$4.21	$6.31	$7.21
28	$0.57	$1.22	$2.12	$3.32	$4.22	$6.32	$7.22
29	$0.58	$1.23	$2.13	$3.33	$4.23	$6.33	$7.23
30	$0.60	$1.25	$2.15	$3.35	$4.25	$6.35	$7.25

Note: The developer will provide toll tags free of charge to all bridge users.
[1] This exhibit contains the base toll rates provided by the developer in its proposal and included in the Belle Chasse P3 contract. For all but Plaquemines Parish residents driving Class 1 automobiles with toll tags, the actual initial toll rate charged will differ when the bridge opens to traffic because CPI adjustments will be reflected in toll rates starting on the Partial Acceptance Date.
[2] The anticipated Partial Acceptance Date (i.e., the new bridge is fully opened to traffic in both directions) is April 13, 2024.
[3] Medium and large truck/trailer toll rates are not dependent upon residency.
[4] All toll rates are subject to both planned annual increases and annual CPI adjustments, except for Plaquemines Parish

Exhibit 10
Base Toll Rates for the Belle Chasse Bridge by Vehicle Classification and Toll Tag Use[1] (Not Adjusted for CPI)

Year[2]	Plaquemines Parish Resident Automobiles	All Other Automobiles		Medium Trucks/Trailers[3]		Large Trucks/Trailers[3]	
	Toll Tag	Toll Tag	No Tag	Toll Tag	No Tag	Toll Tag	No Tag
CPI adjusted?[4]	No	Yes	Yes	Yes		Yes	Yes

residents with toll tags who drive Class 1 automobiles. These bridge users' rates are only subject to the annual increases contained in this exhibit.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

The Belle Chasse P3 contract also allows the developer to adjust the toll rates annually for inflation based on the CPI. CPI adjustments are determined by a ratio of the most recently published monthly value for CPI as of the calculation date to the most recently published CPI value as of January 2019 (i.e., November 2018 CPI = 252.038). The tolls in Exhibit 10 will be higher because of CPI increases; however, CPI adjustments will not apply to Plaquemines Parish residents with a Class 1 automobile and a toll tag. This is similar to how Texas and Florida increase tolls to keep up with purchasing power. Because the CPI can be different every year, we cannot determine how much the tolls will actually increase because of CPI adjustments and what they will be at the end of the contract. We provide an example of three different CPI scenarios and their potential impact on the toll rates in Exhibit 11. As shown in Exhibit 11, in year one, the base toll rate for a non-resident Class 1 vehicle with a toll tag is $0.90, but when it is adjusted for 2% CPI, it is $1.09 each way. By year 30, this rate will be $2.69 assuming the same rate of inflation for a non-resident Class 1 vehicle with a toll tag.

Formula to Determine CPI Adjustment

$$Base\ Toll\ Rate\ x\ \frac{Recently\ Published\ CPI^{*}}{Recently\ Published\ January\ 1,2019\ CPI^{**}} = CPI\ Adjusted\ Toll\ Rate$$

*Most recently published monthly CPI prior to adjustment
**Most recently published as of January 1, 2019 (i.e. November 2018) CPI=252.038

Exhibit 11
Projected CPI Adjusted Toll Rate Scenarios (Each Way)
Year 1 and Year 30

Vehicle Class	Year 1				Year 30			
	Base Rate *	1% CPI	2% CPI	5.5% CPI	Base Rate	1% CPI	2% CPI	5.5% CPI
Class 1 Automobile-Plaquemines Parish Resident-Toll Tag (*No CPI Adjustment*)	$0.25	$0.25	$0.25	$0.25	$0.60	$0.60	$0.60	$0.60
Class 1 Automobiles-Toll Tag	$0.90	$1.08	$1.09	$1.13	$1.25	$2.00	$2.69	$7.43
Class 1 Automobiles-No Toll Tag**	$1.80	$2.16	$2.18	$2.26	$2.15	$3.44	$4.63	$12.78
Class 2 Trucks/Trailers-Toll Tag	$3.00	$3.60	$3.64	$3.77	$3.35	$5.36	$7.21	$19.91
Class 2 Trucks/Trailers-No Toll Tag	$3.90	$4.68	$4.73	$4.91	$4.25	$6.81	$9.15	$25.26
Class 3 Trucks/Trailers-Toll Tag	$6.00	$7.20	$7.28	$7.55	$6.35	$10.17	$13.68	$37.73
Class 3 Trucks/Trailers-No Toll Tag	$6.90	$8.28	$8.37	$8.68	$7.25	$11.61	$15.61	$43.08

*Amount listed in contract for all Vehicle Classes incorporates standard base increases.
**Includes Plaquemines Parish residents who did not purchase toll tag.
Source: Prepared by legislative auditor's staff using Belle Chasse P3 contract and past CPI for All Urban Consumers (CPI_U, Not Seasonally Adjusted) rates.

DOTD is paying the developer for the CPI adjustments for Plaquemines Parish residents with a Class 1 automobile and a toll tag. DOTD will pay the developer $875,000[20] annually during the term of the Belle Chasse P3 contract (excluding the 30th anniversary of the Partial Acceptance Date) to eliminate CPI Adjustments on the tolls for Plaquemines Parish residents (as confirmed through valid vehicle registration address and driver's license) driving a Class 1 automobile with a toll tag. Plaquemines Parish residents without toll tags, regardless of vehicle type, and non-residents of Plaquemines Parish, regardless of vehicle type or toll tag status, will pay CPI-adjusted toll rates.

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While no toll exemptions exist specifically for Plaquemines Parish residents, several entities are exempt from paying the tolls. The following users will be exempt from paying tolls if they have a toll tag installed in their vehicles:

- Any **publicly-owned vehicles** and any **vehicle used in connection with or in furtherance of the mass transportation** of the general public per R.S. 48:972.

[20] Multiplied by the ratio of (i) the most recent CPI as of the date which is 30 Business Days prior to the relevant Annual CPI Buy-Down Payment Date to (ii) the most recently published CPI as of January 1, 2019.

- Members of the **Boy Scouts of America,** of the **Girl Scouts of America**, and of the **Camp Fire Girls** (when assembled in uniform in a parade or group consisting of not less than 15 and under the supervision of a scout master or other responsible person) per R.S. 48:971.

- All **firemen** and any **volunteer firemen** when performing official firefighting or fire prevention services, including travel to and from their place of employment, per R.S. 33:1975 - subject to DOTD rules and regulations.

- All **law enforcement personnel**, with law enforcement agency equipment, who are employed within this state, regardless of whether the personnel are in uniform or in civilian clothes per R.S. 40:1392.

- All **emergency vehicles** performing a public service that permits them to display emergency vehicle lights in order to carry out police, fire, and ambulance functions.

- Any person belonging to the **organized militia of the state** who is in uniform or presents an order for duty and any private vehicle operated by a **disabled American veteran** who provides proper identification per R.S. 29:27.

- All **students** in clearly marked school buses and the school bus and driver.

The developer will collect the tolls using an all-electronic toll system to identify and process all vehicles traveling across the new bridge for the purpose of collecting tolls in an open-road non-stop environment. All vehicles will drive through the toll zone on the new bridge at the regular speed limit. The toll system will perform automatic recording and reporting of vehicles passing through the toll zone either through the use of a toll tag using radio frequency identification technology, cameras capturing images of license plates for users without toll tags, or a combination thereof.

In addition, according to the developer's Tolling Enforcement Rules, approved by DOTD on April 25, 2022, the following fees may be charged along with the tolls:

- A Payment Processing Fee of 3% for each toll transaction[21] paid with a credit/debit card.[22]

[21] According to the project's Technical Provisions, every vehicle passing through the Belle Chasse Bridge toll zone creates a "toll transaction."
[22] Toll transactions may be paid online, through a mobile app, over the phone, or in-person at a customer service center or contracted retail outlet. Motorists will not stop on the bridge to pay the toll.

- A License Plate Lookup Fee of $1.50 for out-of-state[23] license plates.
    - A new license plate lookup will be performed for toll transactions 30 days after the previous license plate lookup.
- A Mailing Fee of $2.64 per each mailed invoice.[24]
    - A bridge user's first invoice is mailed seven days following an unpaid tolling transaction, and a second invoice will be mailed when the first invoice is 35 days past due.
    - Invoices are generated monthly for each customer.
- For second invoices more than 35 days past due, a violation notice will be generated with an Administrative Fee of $25.00 per toll transaction
    - Violation notices will be generated every day.
- For each violation notice more than 35 days past-due, a Late Fee of $5.00 will be charged per toll transaction.
- For each violation notice more than 35 days past due, a final notice of delinquency will be issued with additional escalated administrative fees or penalties.
    - Unpaid violations transactions that are not paid in full 37 days after being mailed a final notice of delinquency will be pursued via applicable collections.
    - Drivers with Louisiana license plates will have a hold placed on their vehicle registration renewals and may have their driver's licenses suspended until the debt is paid in full.
- A Non-Sufficient Funds Fee of $25.00 for every failed payment.

[23] Out-of-state does not include Louisiana or Texas license plates.
[24] Mailing fees are subject to CPI adjustments. Invoices are only generated for bridge users who do not have an established account that is pre-funded.

Question 12: How much toll revenue/fees are expected to be collected over the term of the Belle Chasse P3 contract?

The developer *could* collect toll revenues in excess of $748.2 million if the assumptions in the developer's financial model manifest or are exceeded over the 30-year term, but toll revenues could be lower if the developer's assumptions are not met. Toll revenues are projected based on several assumptions in the developer's financial and traffic models, such as toll rates, annual and CPI-based adjustments to toll rates, operations and maintenance costs, and anticipated vehicular traffic on the new bridge. If reality does not match these assumptions (e.g., inflation is higher than expected or there is less user demand for the bridge than expected), then actual toll revenue may be higher or lower than projected. Appendix J summarizes the developer's projected toll revenue collections over the 30-year life of the contract.

What Toll Revenues Include

- Fees, tolls, rates, incidental charges (e.g., interest charged for toll violations), and other administrative charges (e.g., late fees, insufficient funds fees, etc.).
- Amounts received pursuant to any collection or enforcement action, judgement, or settlements with regard to any tolls or fees.
- Proceeds of a business interruption or similar insurance against loss of revenues.
- Amounts paid or owed by DOTD to the developer to compensate for certain revenue-impacting events, such as a DOTD-ordered suspension of tolling or a severe weather event.
- Amounts paid or owed by DOTD to the developer to reduce toll rates.
- Amounts the developer receives as contractual liquidated or other contract damages with respect to any of the above forms of revenue.

Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

Question 13: How do toll rates and fees for the Belle Chasse P3 project compare to toll rates and fees in neighboring states?

The base toll rates for the Belle Chasse P3 project are comparable to state-owned toll facilities in Texas, but slightly higher than in Florida. We reviewed the toll rates for state-owned transportation facilities in five southern states (i.e., Texas, Arkansas, Mississippi, Alabama, and Florida). Two out of five states (i.e., Mississippi and Arkansas) do not have any toll roads or bridges. In Alabama, the Department of Transportation has no jurisdiction over public toll roads, and all of Alabama's toll facilities are privately operated. The Florida Turnpike Enterprise[25] within the Florida Department of Transportation operates state-owned toll roads and bridges. The toll rates for Florida state-owned roads range from a minimum of $0.20 to a maximum of $4.80 for two-axle vehicles, while

[25] Florida has other toll roads that are under the jurisdiction of regional expressway authorities.

the toll rates for state-owned bridges range from the minimum of $1.07 to the maximum of $2.75 for two-axle vehicles.[26] These toll rates must also be adjusted for inflation at least once every five years, but no more than once per year.[27]

The Texas Department of Transportation[28] operates toll roads in the Austin, Houston, Dallas, and Ft. Worth regions. The toll rates for Texas state-owned roads range from a minimum of $0.30 to a maximum of $7.42 for two-axle vehicles and are also adjusted annually for inflation. In comparison, Louisiana DOTD[29] operates the LA 1 Bridge at Leeville with a toll rate of $4.50 for two-axle vehicles or $6.50 for two-axle "Dually" vehicles. However, neither Texas nor Florida offer a local user discount for state-owned toll facilities. For the new Belle Chasse Bridge, Plaquemines Parish residents driving automobiles with toll tags will pay lower toll rates than other users, and their toll rates are also exempt from CPI adjustments.

Some fees and incidental charges[30] associated with tolling on the new Belle Chasse Bridge are *higher* than similar fees and charges on publicly-owned toll facilities in Texas and Florida. **Fees are part of toll revenues, and the developer's return on investment is derived from these revenues.** According to the Belle Chasse P3 contract, DOTD is required to approve fees no later than 180 days before tolling starts. DOTD approved the developer's fees on April 25, 2022,[31] two years before the bridge is expected to become operational. We compared some of the developer's approved fees for the Belle Chasse P3 project to the Texas and Florida Departments of Transportation's fees. For example, late fees for outstanding toll balances in Texas are $4.00 per mailed invoice.

For the Belle Chasse P3 project, the late fees depend on how delinquent the user is on payment. There is no late fee charged on the first past-due invoice (i.e., second invoice), but if payment is not received within 35 days of this past-due invoice being mailed, the user will be charged $25.00 per outstanding toll transaction. If the account remains delinquent for another 35 days, an additional $5.00 will be charged per outstanding toll transaction. According to DOTD, these are the same administrative and late fees it charges for the LA 1 toll facility, and these amounts are meant to encourage users to pay on a first invoice and to open a toll account with a toll tag, which allows for a much lower cost to run a toll system. Both Belle Chasse and Florida can penalize extremely delinquent users (i.e., those

[26] Florida implemented a temporary toll relief program for one year, effective January 1, 2023, which reduces tolls for frequent users.
[27] Florida Statute 338.165 imposed an exemption on inflation adjustments to toll rates for Florida Fiscal Year 2022-2023, which expires July 1, 2023.
[28] Texas has other toll roads that are under the jurisdiction of regional and local toll authorities.
[29] Louisiana has other toll roads that are under the jurisdiction of local toll authorities (e.g., the Lake Pontchartrain Causeway Bridge, Avery Island Toll Bridge).
[30] We did not review all fees and incidental charges (such as credit card processing fees, license plate lookup fees, etc.) associated with tolling facilities in Belle Chasse, Louisiana; Texas; and Florida.
[31] According to the Belle Chasse P3 contract, the developer can propose changes to fees, subject to DOTD's approval throughout the term of the contract.

with unresolved collections notices) by placing holds on vehicle registration renewal,[32] but in Texas, failing to pay tolls is a misdemeanor offense.

Invoice mailing/administrative fees for the Belle Chasse P3 project will be $2.64 per invoice,[33] which is more than Texas ($1.15 per invoice) and slightly more than Florida ($2.50 per invoice). Initial toll tags for the Belle Chasse P3 project are being provided to all users free of charge; whereas in Florida, SunPass transponders cost either $4.99 plus tax or $14.95 plus tax, depending on the type of transponder purchased.[34] In Texas, the TxTag toll tag costs $7.99, but if an account holder sets up autopay, the $7.99 is refunded in the form of an account credit.[35] Exhibit 12 provides an example of Texas and Florida delinquent fee amounts compared to delinquent fee amounts for Belle Chasse.

Exhibit 12
Comparison of Outstanding Fees for Delinquent Toll Amounts in Texas, Florida, and Belle Chasse, Louisiana

Notice	Description	Amount Owed
Texas DOT TxTag Delinquent Fees		
Initial Outstanding Toll Balance		$1.86
First Invoice	$1.86 Tolls + $1.15 Mail Fee	$3.01
Second Invoice (Past Due)	$3.01 Previous Balance + $1.15 Mail Fee + $4.00 Late Fee	$8.16
Final Notice	$8.16 Previous Balance + $1.15 Mail Fee + $4.00 Late Fee	$13.31
Collections	$13.31 Balance Sent to Collections + $1.15 Mail Fee + $4.00 Late Fee + any additional fees/charges added by the collections agency	$18.46 + collections charges
Eligible for Court	$18.46 Balance + Up to $250 Court Fine (misdemeanor offense)	Up to $268.46 + collections charges
Florida DOT SunPass Delinquent Fees		
Initial Outstanding Toll Balance		$2.75
First Invoice	$2.75 Tolls + $2.50 Administrative Fee	$5.25
Second Invoice (Past Due)	$5.25 Previous Balance + $2.50 Administrative Fee	$7.75
Collections	$7.75 Previous Balance + $2.50 Administrative Fee + any additional fees/charges added by the collections agency	$10.25 + collections charges
Other Penalties	Hold placed on vehicle registration renewal	

[32] Belle Chasse Bridge users who are extremely delinquent (i.e., have unresolved collections notices) may also have their driver's licenses suspended.
[33] Mailing fees are subject to CPI adjustments.
[34] The Florida SunPass PRO ($14.95 plus tax) is interoperable with toll roads and most toll bridges in Florida and 18 other states, while the SunPass Mini ($4.99 plus tax) is only interoperable with toll roads and most bridges in two other states (i.e., Georgia and North Carolina).
[35] Specialty TxTag toll tags (e.g., for bumpers or motorcycles) are $45.00, which includes a refundable $35.00 deposit.

Exhibit 12
Comparison of Outstanding Fees for Delinquent Toll Amounts in Texas, Florida, and Belle Chasse, Louisiana

Notice	Description	Amount Owed
Belle Chasse Louisiana Delinquent Fees		
Initial Outstanding Toll Balance		$1.80
First Invoice	$1.80 Tolls + $2.64 Mail Fee**	$4.44
Second Invoice (Past Due)	$4.44 Previous Balance + $2.64 Mail Fee	$7.08
Violation Notice	$7.08 Previous Balance + $2.64 Mail Fee + $25.00 Administrative Fee (*per toll transaction*)	$34.72
Final Notice of Delinquency	$34.72 Previous Balance + $2.64 Mail Fee + $5.00 Late Fee (*per toll transaction*) + additional escalated fees/penalties	$42.36 + additional escalated fees
Collections	$42.36 Balance Sent to Collections + $2.64 Mail Fee + any additional fees/charges added by the collections agency	$45.00 + additional escalated fees + collections charges
Other Penalties	Hold placed on vehicle registration renewal and/or driver's license suspension	

Note: This exhibit shows the escalation of delinquent fees based on an assumed outstanding toll balance for crossings on tolled facilities operated by the Florida DOT, Texas DOT, and the under-construction Belle Chasse Bridge.
*Amounts owed do not include fees/charges added by debt collections agencies. Collections charges may vary by state, amount of debt, or collections agency.
**Mailing fees are CPI-linked to account for inflation.
Source: Prepared by legislative auditor's staff using information from the Texas Department of Transportation, the Florida Department of Transportation, and the developer's Toll Enforcement Rules for the Belle Chasse Bridge.

Estimated DOTD Windfall and Return on Investment for Developer

Question 14: How much could DOTD receive from toll revenues (i.e., projected windfall)?

DOTD could receive in excess of $22.2 million[36] if the developer's toll revenue projections manifest or are exceeded over the 30-year term, from $645,432 in the first full contract year[37] to $1,021,373 in the final full contract year. According to the Belle Chasse P3 contract, DOTD will receive a share of toll revenue as long as cumulative toll revenues exceed a particular threshold each year. Because the actual amount of toll revenue that will be collected over the 30-year term is unknown, the actual amount DOTD will receive in windfall payments is also unknown. The Belle Chasse P3 contract, however, contains the developer's projected toll revenues over the 30-year period, as well as an explanation of how DOTD's windfall proceeds will be calculated. Exhibit 13 provides projected windfall payments to DOTD over the contract period and describes assumptions used to determine these amounts. Appendix K provides calculations for the projected windfall payments to DOTD based on projected toll revenues.

[36] Plus 50% of what is collected in tier 4 assuming that toll revenues reach tier 4.
[37] Contract year means (a) the period beginning on the Partial Acceptance Date and ending December 31 following the Partial Acceptance Date, (b) each succeeding full calendar year during which the Agreement remains in effect, and (c) the period beginning January 1 of the calendar year in which the Agreement terminates and ending on the date of termination.

Exhibit 13
Examples of Projected Windfall Payments to DOTD Based on Projected Toll Revenues

Note: The calculations for this scenario assume that (a) the developer's projected toll revenue in the contract is the actual amount of toll revenue collected, (b) actual toll revenues collected by the developer exactly match the Tier 3 ceiling amount every year of the entire concession period, (c) tolls will be collected for the entire 30-year term, (d) the developer makes each windfall payment in full at the time it is due, and (e) the partial years (1 and 31) are not pro-rated in the projections because the amount of time it takes to achieve certain toll revenue amounts is not relevant to the formula, given the other assumptions made. Projected windfall payments calculated based on these assumptions for the full concession period may be found in Appendix K.
*The 1st contract year is a partial year beginning on April 13, 2024 (anticipated Partial Acceptance Date), and ending on December 31, 2024.
**The 31st contract year begins January 1 of the calendar year in which the contract terminates and ends on the date of termination.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

DOTD's windfall will be calculated by the developer using a four-tier system. Each tier is based on range of potential toll revenues collected and the percentage of windfall sent to DOTD increases based on the toll revenues. For example, according to the Belle Chasse P3 contract, in order to receive a windfall payment in any given year of the term, aggregate toll revenue must exceed the Tier 2 floor amount; otherwise, DOTD is not eligible for a windfall proceeds payment for that year. DOTD's windfall proceeds are calculated at the end of each contract year and paid annually by the developer. Exhibit 14 contains the windfall tiers, the floor and ceiling for each tier, and the percentage of toll revenue for each tier that is used in the calculation of windfall payments to DOTD. Appendix J ties the tiers to the developer's projected toll revenue.

Exhibit 14
Windfall Tiers and Calculation

Tier	Floor	Ceiling	Percentage to DOTD	Formula using tier percentage
Tier 1	$0 (i.e., no toll revenue is collected)	Equal to the amount of aggregate toll revenue necessary for the developer to achieve the base case equity internal rate of return (IRR) in its financial model*	$0	Windfall Payment = (Tier 1 * 0.0%) + (Tier 2 * 12.5%) + (Tier 3 * 25.0%) + (Tier 4 * 50.0%) – (the sum of all windfall amounts paid to DOTD in previous years)
Tier 2	Tier 1 Ceiling + $0.01	Equal to the amount of aggregate toll revenue necessary for the developer to achieve its base case equity IRR plus 3.0%	12.5%	
Tier 3	Tier 2 Ceiling + $0.01	Equal to the amount of aggregate toll revenue necessary for the developer to achieve its base case equity IRR plus 6.0%	25%	
Tier 4	Tier 3 Ceiling + $0.01	N/A	50%	

*This amount of toll revenue is not the developer's profit; it is equal to the amount required for the developer to fulfill both its debt and contract obligations and still achieve its projected rate of return on its committed investment.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

We developed eight scenarios to show the potential windfall the state could receive. Our scenarios range from the state receiving $0 over the 30-year period to the state receiving in excess of $22.2 million. According to our calculations, DOTD's windfall proceeds could exceed $22.2 million if aggregate toll revenues exceed the Tier 4 floor every year of the term. However, because there is no ceiling in Tier 4, it is impossible to estimate a maximum value for DOTD's windfall proceeds. Exhibit 15 shows these scenarios.

Exhibit 15
DOTD Windfall Proceeds Scenarios

Scenario	Scenario Assumptions	DOTD's Projected Windfall Amount
1	Toll revenues do not exceed the Tier 1 Ceiling in any year of the concession period	$0
2	Toll revenues exactly match the Tier 2 Floor amount in every year of the concession period	$0*
3	Toll revenues exactly match the Tier 2 Ceiling amount in every year of the concession period	$6.8 million
4	Toll revenues exactly match the average of the Tier 2 Floor and Tier 2 Ceiling amounts in every year of the concession period	$3.4 million
5	Toll revenues exactly match the Tier 3 Floor amount in every year of the concession period	$6.8 million**
6	Toll revenues exactly match the Tier 3 Ceiling amount in every year of the concession period	$22.2 million
7	Toll revenues exactly match the average of the Tier 3 Floor and Tier 3 Ceiling amounts in every year of the concession period	$14.5 million
8	Toll revenues exceed the Tier 4 Floor in every year of the concession period	> $22.2 million***

Note: These scenarios are projections of DOTD's windfall proceeds from toll revenue, and are based on the developer's projected toll revenues and windfall proceeds tiers. Tolling is not expected to begin until 2024, so actual toll revenues and DOTD windfall proceeds cannot currently be known. The figures in this exhibit do not represent actual monies paid to DOTD by the developer nor actual toll revenues collected by the developer, and they also do not account for any interest that may accrue on windfall proceeds owed to DOTD. All scenarios assume that (a) the developer's toll revenue projections are the actual toll revenues that will be collected, (b) tolls will be collected for the entire 30-year term, (c) the developer makes all windfall payments in full and on time, and (d) the partial years (1 and 31) are not pro-rated in the projections because the amount of time it takes to achieve certain toll revenue amounts is not relevant to the formula, given the other assumptions made.
*The projected windfall in Scenario 2 is actually $0.0012, or less than one penny.
**The projected windfall in Scenario 5 is less than one penny greater than the projected windfall in Scenario 3 because the Tier 3 Floor is only one penny greater than the Tier 2 Ceiling in each agreement year.
***There is no Tier 4 Ceiling because there is no limit on the amount of toll revenue that can be collected over the concession period. If toll revenues were to exceed the Tier 4 Floor in every year, the amount of DOTD's windfall would be equal to the calculable maximum from Tier 3 ($22.2 million) plus 50.0% of the portion of toll revenue that falls within Tier 4. The portion of toll revenue that falls within Tier 4 is equal to the unknown actual amount of toll revenue collected minus the Tier 3 Ceiling amount.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

Question 15: What can toll revenues and DOTD's windfall be used for?

According to the Belle Chasse P3 contract, DOTD's windfall can only be used for three purposes during the contract period. DOTD can use the windfall to reduce toll rates on the new bridge, pay amounts owed to the developer to exercise DOTD's early handback option, or pay annual CPI buydown payments to the developer. Windfall payments from the developer will be deposited into a Proceeds Escrow Account. DOTD may direct these funds into the CPI Buydown Escrow Account to make annual CPI buydown payments. If, at the end of the concession term, funds remain in the CPI Buydown Escrow Account in excess of any amounts owed to the developer, then DOTD may use those funds for any eligible purpose at DOTD's sole discretion.

According to the developer, its share of toll revenues[38] will be used to cover the capital and interest costs on the project (which includes both the developer's debt service and its return on investment),[39] to pay for the costs of toll collection and administration, and to pay for the operations and maintenance of the new bridge. Toll revenue is not all profit for the developer. Exhibit 16 shows a breakdown of how toll revenues will be used by the developer, according to the developer.

Exhibit 16
Expected Use of Toll Revenues

Source: Prepared by legislative auditor's staff using information provided by the developer.

[38] Less amounts payable to DOTD as the state's share of windfall proceeds.
[39] The developer's specific financial information, including its ROI, is proprietary.

Question 16: What is the developer's expected return on investment (i.e., profit)?

According to the developer, the expected return on investment is proprietary information that should not be disclosed to the public, as the disclosure of internal costs or profit margins could hurt the company's competitiveness on future project bids. However, as stated previously, the developer is responsible for paying at least[40] $66.1 million (38.9% of total cost) for the design and construction of the bridge and any costs associated with operating the tolls and maintaining the bridge for 30 years. According to the FHWA, P3 proposals typically contain commercially confidential or proprietary information (e.g., expenses and returns on equity) that private partners do not want disclosed to the general public, and public agencies must act to maintain the private partner's confidentiality. Specifically, the FHWA states that the data in the developer's financial model is commercially confidential. As a result, we cannot disclose the developer's expected ROI. However, Exhibit 17 provides developer's projected toll revenue commitments toward debt service and ROI.

[40] The shortfall between dedicated federal funding and the contract cost is approximately $66.1 million. If the cost of the project (i.e., design, construction, etc.) increases, the developer will be responsible for that additional cost.

Exhibit 17
Developer's Projected Toll Revenue Commitments Toward Debt Service and Return on Investment (ROI)

		Toll Scenario 1 (Windfall Tier 1)	Toll Scenario 2 (Windfall Tier 2)	Toll Scenario 3 (Windfall Tier 3)
Description		**Projected Toll Revenue**	**Projected Toll Revenue**	**Projected Toll Revenue**
Projected Gross Cumulative Toll Revenue Collected*		$632,304,490	$686,662,071	$748,168,885
Projected Cumulative Windfall Payments to DOTD**		($0)	($6,794,698)	($22,171,401)
Net Cumulative Toll Revenue (Less Windfall Payments)		**$632,304,490**	**$679,867,373**	**$725,997,484**
Developer Commitment	**% of Toll Revenue**	**Toll Revenue Commitments**	**Toll Revenue Commitments**	**Toll Revenue Commitments**
Debt service and ROI***	55.5%	$350,928,992	$377,326,392	$402,928,604
		The exact percentages for both ROI and debt service are commercially confidential		
Toll Collection and Administration	28.0%	$177,045,257	$190,362,864	$203,279,295
Operations and Maintenance	16.5%	$104,330,241	$112,178,117	$119,789,585

Note: The calculations in this exhibit are projections made from the developer's projected toll revenues, our projected windfall payments to DOTD, and the developer's division of toll revenue among its contract and debt obligations. Scenario 1 assumes that cumulative toll revenues are exactly the Tier 1 Ceiling amount every year of the concession, Scenario 2 assumes that toll revenues are exactly the Tier 2 Ceiling amount every year of the concession, and Scenario 3 assumes that toll revenues are exactly the Tier 3 ceiling every year of the concession. Amounts for Tier 4 cannot be calculated because there is no limit to the amount of toll revenue that can be collected, but each amount, including windfall, would be higher than each of the amounts under Scenario 3.
*The developer's projected toll revenues and windfall tiers are provided in Appendix J.
**DOTD's projected windfall payments are further explained in Question 14, and a sample calculation is provided in Appendix K.
***This figure does not represent the developer's profit. According to the developer, capital and interest includes both debt service obligations to its lenders, as well as its projected return on investment. The exact amount borrowed by the developer, the terms of the loan (i.e., length of loan repayment, lender fees, type of loan, etc.), and the interest rate were deemed proprietary information by the developer.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract and provided by the developer to use in our report.

Question 17: Does the Belle Chasse P3 contract clearly state when tolling will end?

The Belle Chasse P3 contract specifies a maximum 30-year period for the developer to establish, impose, charge, collect, use, and enforce the collection and payment of tolls. However, DOTD is not obligated to continue or cease collecting tolls after the contract term ends. The contract can be terminated before the end of the term for the following reasons:

- For developer defaults, such as failure to pay DOTD when due, failure to maintain insurance and other securities, and persistent non-conforming operations and maintenance work.
- For DOTD's defaults, such as failure to pay to the developer when due.
- For reasons beyond either DOTD's or the developer's control, such as executive orders of the President of the United States relating to prosecution of war or national defense or a national emergency which creates a serious shortage of materials.
- For DOTD's exercise of the early handback option (i.e., the developer is required to handback the project to DOTD prior to expiration of term based on DOTD's sole discretion).

According to stakeholders, not knowing how long the tolls will be in place is worrisome.

Recommendation 5: DOTD should consider developing a policy for reevaluating the need to continue/discontinue tolling on any state-owned tolled transportation facility. It should also state how this decision is going to be communicated to the public.

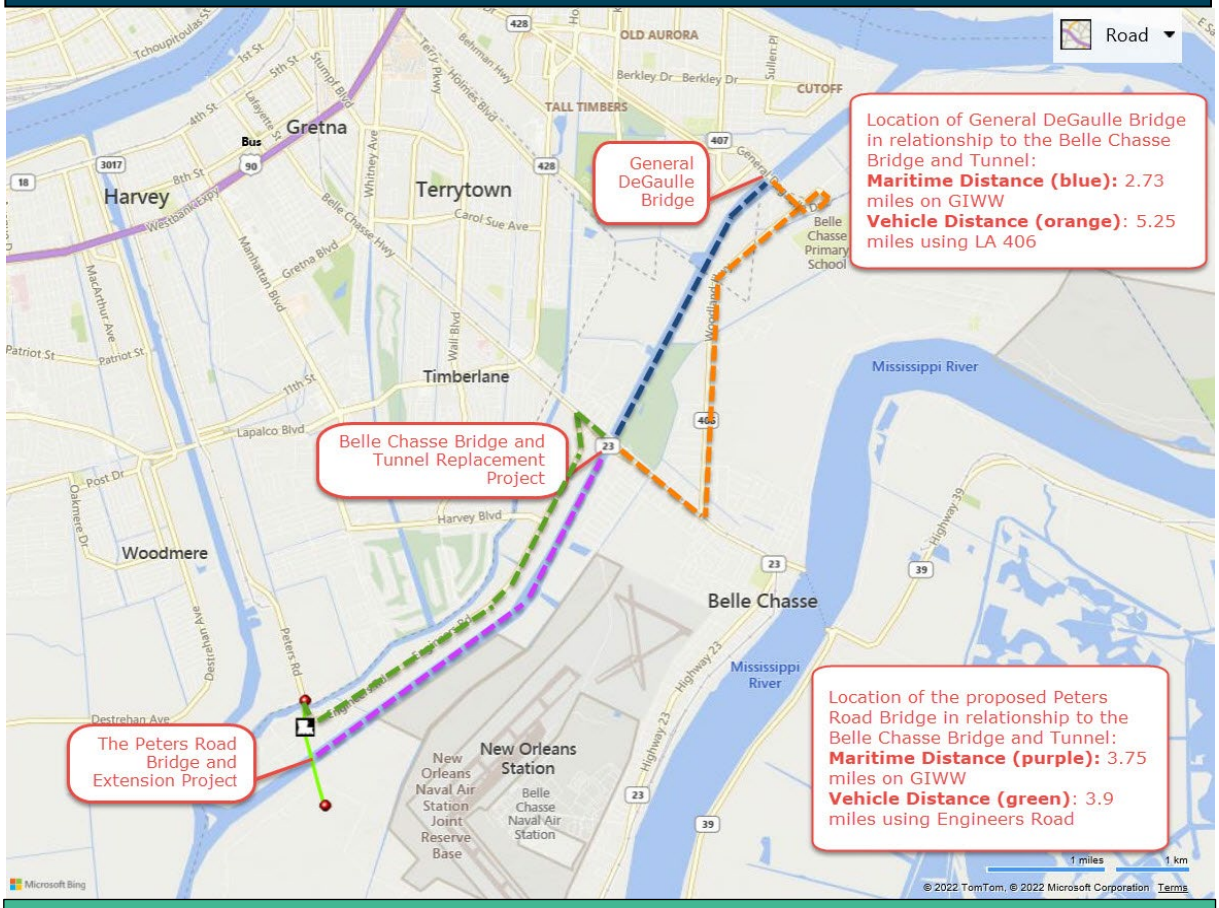
Summary of Management's Response: DOTD agrees with this recommendation and stated that the P3 contract does not discuss the termination of tolling but the termination of the agreement with the provider. DOTD will need to consider development of a process for reevaluating the need to continue/discontinue tolling. See Appendix A for DOTD's full response.

Other Belle Chasse P3 Contract Provisions

Question 18: What non-tolled alternative routes are available for residents to use?

The current alternative bridge, the General DeGaulle Bridge, is 5.25 miles away. Traveling northbound on LA 23, if users wish to avoid the tolled bridge, they must travel a 9.85-mile detour using LA 406, the General DeGaulle Bridge, and LA 428 to return to LA 23. According to the DOTD environmental assessment for the Belle Chasse P3 project, there are currently two un-tolled alternative routes over the Gulf Intracoastal Waterway (GIWW), both utilizing LA 406 (Woodland Highway) to LA 407 (General DeGaulle Drive). Users have the option to continue from LA 407 (General DeGaulle Drive) to either LA 428 (Lapalco Boulevard/Behrman Highway) or US 90B (Westbank Expressway). Other alternatives include free public transportation provided by the Plaquemines Parish Government Community Action Agency to the low-income, economically-disadvantaged, elderly, and disabled residents of Plaquemines Parish and the un-tolled bicycle or pedestrian facility that will be located on the new Belle Chasse Bridge. Exhibit 18 shows the alternative routes and the distance between the new bridge and the existing alternative route, as well as the proposed Peters Road Bridge project.

Exhibit 18
Existing Alternative Route and Proposed Peters Road Bridge



Source: Prepared by legislative auditor's staff using information provided by DOTD.

Question 19: Does the Belle Chasse P3 contract obligate the developer to hire local subcontractors for construction or operations and maintenance of the new bridge?

No. At the time of the Belle Chasse P3 project procurement, federal law[41] prohibited the state from establishing local hiring preferences for construction projects using federal funds. The Belle Chasse P3 contract does not obligate the developer to hire local subcontractors for either the design-build or operations and maintenance of the new bridge. Current federal law[42] allows the state to implement a geographical or economic hiring preference for construction projects receiving federal funds under Title 23 or 49. DOTD's procurement guidelines for the Belle Chasse P3 project included proposers' "plans to employ local contractors and residents" as one of the criteria DOTD could

[41] 23 CFR 635.117
[42] The Infrastructure Investment and Jobs Act (IIJA) enacted on November 15, 2021

use as part of its "best value" determination in selecting the winning proposal. However, DOTD only received one proposal, so a tradeoff analysis to determine the best value proposal was not possible.

> **Recommendation 6:** For future P3 projects, DOTD should consider adding a provision, subject to negotiation, to the P3 contract that requires the developer to consider hiring local subcontractors unless DOTD and/or the developer agree that such requirement will unduly restrict competition.
>
> **Summary of Management's Response:** DOTD agrees with this recommendation and stated that DOTD will consider local subcontractor requirements provided that such requirements would not unduly restrict competition and per applicable law. See Appendix A for DOTD's full response.

Question 20: Who will own the newly-constructed bridge, and who is responsible for operating and maintaining the bridge?

DOTD will own the newly-constructed bridge. The Belle Chasse P3 contract does not grant to the developer any fee title, leasehold estate, easement, or other real property interest of any kind in or to the project or the project right-of-way. Furthermore, Louisiana Constitution Article 7, § 14(A) states that, except as otherwise provided by the constitution, the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Therefore, DOTD cannot grant ownership of the newly constructed bridge to the developer.

Const. Art. 7, § 21(C)(13) states that property taxes do not apply to rights-of-way granted to the State Department of Highway (i.e. DOTD). In addition, R.S. 48:2084.5 exempts qualifying transportation facilities developed or operated by a private entity from property taxes. Therefore, the newly-constructed bridge will also not be subject to property taxes.

The developer is responsible for operating and maintaining the newly-constructed bridge with toll revenue until the end of the term of the Belle Chasse P3 contract. The developer estimates that 16.5% of toll revenues[43] will be spent on bridge maintenance and operations. According to the developer, routine maintenance for the new bridge will include deck and sidewalk sweeping, joint cleaning and repair, navigational lighting, striping, etc. In addition, the developer's general maintenance obligations include responding to incidents and emergencies, patrolling all lanes to identify unsafe conditions,

[43] The developer estimates that the rest of toll revenues will be spent on repayment of capital and interest (55.5%), which includes both the developer's debt service and ROI, and toll collections costs (28%). The exact percentages for both ROI and debt service are commercially confidential.

proactively deploying resources to minimize delays and safety hazards due to severe weather events, etc.

According to the Belle Chasse P3 contract, the developer is required to submit its Maintenance Management Plan for the new bridge prior to opening the new bridge to traffic and starting tolling. The developer is required to submit this plan to DOTD for approval no later than 180 days prior to anticipated Partial Acceptance (i.e., when the developer anticipates that the new bridge will be ready to be fully opened to traffic in both directions, which is currently expected on April 13, 2024). The developer's data (e.g., estimated revenues, expenses, etc.) contained in its financial model[44] for the project are considered to be commercially confidential and cannot be disclosed to the general public. Appendix L summarizes the contract requirements for the developer's operations and maintenance of the newly-constructed bridge.

Question 21: Can DOTD take back the operations and maintenance of the Belle Chasse Bridge from the developer prior to the end of terms of the Belle Chasse P3 contract?

According to the Belle Chasse P3 contract, DOTD, at its own discretion, may exercise an option for the developer to handback the project to DOTD prior to expiration of the term. The contract outlines the developer's actions upon receiving a notice of termination from DOTD. Specifically, the developer is required to:

- conduct all discussions and negotiations to determine the amount of any termination compensation, and share with DOTD all data, documents, and information, on an Open Book Basis.[45]
- meet and develop with DOTD a Transition Plan for the orderly transition of work, demobilization, and transfer to DOTD of control of the project and project right-of-way.
- take all action that may be necessary, or that DOTD may reasonably direct, for the protection and preservation of the project, the work and

[44] The developer provided an independent financial model audit that was expressly addressed to DOTD for DOTD to rely upon and stated that the financial model is free from mechanical error, suitable for use in connection with the relief procedures set out in the contract, and consistent with the requirements of the Request for Proposal.

[45] Open Book Basis means allowing DOTD to review all underlying assumptions and data associated with each Base Case Financial Model, Base Case Financial Model Update, Net Revenue Impact, Net Cost Saving, pricing or compensation (whether of the developer or DOTD), or adjustments thereto, including assumptions as to costs of the work, schedule, composition of equipment spreads, equipment rates, labor rates, productivity, estimating factors, design and productivity allowance, contingency and indirect costs, risk pricing, discount rates, interest rates, inflation and deflation rates, traffic volumes, and related data including vehicle categories, Gross Revenues, changes in toll rates, and other items reasonably required by DOTD to satisfy itself as to the reasonableness and accuracy of the amount.

such materials, goods, machinery, equipment, parts, supplies, and other property.

- continue to perform its obligation and be entitled to receive toll revenues pursuant to the contract during the period from its receipt of a notice of termination until the expiration of the term.

- deliver to DOTD on the date of expiration of the term or on the effective date of any earlier termination:

    - all tangible personal property, reports, books, and records necessary or useful for the Project, and, to the extent provided in Article 17, Work Product and Intellectual Property used or owned by the developer or any contractor relating to the project or the work; excluding, however, all personal property, machinery, equipment and tools owned or leased by any contractor and not incorporated or intended to be incorporated into the project;

    - possession and control of the project, free and clear of any and all liens created, incurred or suffered by the developer, any developer party or any affiliate or anyone claiming under any of them; provided that release of the liens of the lenders will be subject to payment of termination compensation owing by DOTD;

    - all other intangible personal property used or owned by the developer and relating to or derived from the project and the work; and

    - a notice of termination of the contract and the developer's interest, in the form reasonably required by DOTD, executed and acknowledged by the developer.

If DOTD chooses to exercise the early handback option, it is required to pay the termination amount to the developer. The termination amount is based on the greater of either (a) the developer's remaining financial obligations to its lenders and contractors or (b) the project value as determined by an independent third party plus the costs for the developer to terminate its financial obligations to its contractors.

Question 22: How will the newly-constructed Belle Chasse P3 project impact the Peters Road Bridge and Extension project?

While the Peters Road Bridge can still be constructed, it is within five miles of the Belle Chasse P3 project, so the developer can claim

compensation for any adverse effect on its toll revenues during the term of the Belle Chasse P3 contract. The Peters Road Bridge and Extension project is within five miles of the Belle Chasse P3 project, and according to the Belle Chasse P3 contract, if during the term of the agreement DOTD constructs an alternative facility crossing the Gulf Intracoastal Waterway (i.e., a new toll or non-toll bridge or tunnel) within five miles of the new bridge (which did not exist prior to the agreement), the developer must provide DOTD notice of any claim to compensation for any adverse effect on toll revenues caused by the alternative facility.

Act 59 of 1998 Regular Legislation Session authorized the use of toll proceeds from the Crescent City Connection Bridge for an extension of Peters Road south to an intersection with LA 23, but did not identify a level of funding commitment to the project. The 2003 Louisiana Statewide Transportation Plan recommended extending LA 3017 (Peters Road) and building a bridge over the Gulf Intracoastal Waterway, linking the Naval Air Station Joint Reserve Base with the West Bank Expressway, and eventually I-49. The Peters Road Bridge and Extension project was listed in the 2015 Louisiana Statewide Transportation plan as a Priority C megaproject. This project has not been fully funded by the legislature.

APPENDIX A: MANAGEMENT'S RESPONSE

LOUISIANA DEPARTMENT OF TRANSPORTATION & DEVELOPMENT

Office of the Secretary
PO Box 94245 | Baton Rouge, LA 70804-9245
ph: 225-379-1200 | fx: 225-379-1851

John Bel Edwards, Governor
Eric Kalivoda, Secretary

March 29, 2023

Mr. Michael J. (Mike) Waguespack
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804

RE: Department of Transportation and Development
Response to Belle Chasse Bridge and Tunnel Replacement Project; Use of Public-Private Partnership (P3) Performance Audit

Dear Mr. Waguespack:

The Department is in receipt of your report titled "Belle Chasse Bridge and Tunnel Replacement Project; Use of Public-Private Partnership (P3)". Included in the report were six recommendations. I appreciate the opportunity to respond to these recommendations and to have my response letter included as an attachment in the final report.

The Department agrees with Recommendation #1, which states "DOTD should consider developing a list of potential projects that would be good candidates for a P3 procurement, which also includes the information for the reasons justifying why these projects would be good candidates for P3 procurement and share this with the legislature."

There are industry best practice evaluation models used by DOTD that evaluate project delivery methods based on project parameters and details. Additionally, DOTD commissioned the *Feasibility of Tolling Priority A and Priority B Megaprojects* study under H.012806 in 2017 to evaluate the toll feasibility of projects in the Statewide Plan; however, tolls and P3 procurements are not necessarily linked or exclusive to each other. Any significant project (any project) can be procured utilizing the P3 delivery method. Selection of the project delivery method considers many factors at the onset of the project development process, including project scope, financial feasibility, local and expert options, industry resource availability, among others. RS 48:250.4 provides, … *if the Secretary determines it is in the best interest of the taxpayers, the Department of Transportation and Development, with approval of the House and Senate transportation, highways and public works committees, may solicit proposals for public-private partnership projects for a transportation facility.* In order to provide more information about potential candidates for P3 projects, DOTD can and will include notes in the Highway Priority Program identifying those projects that may be a fit for P3 project delivery.

The Department partially agrees with Recommendation #2, which states "DOTD should create a manual of departmental P3 guidelines similar to its procurement manuals for Design-Build and Construction Management at Risk projects."

DOTD did follow the procurement guidelines created by the Agency for the Belle Chasse Bridge and Tunnel Replacement (P3) Project. DOTD prepares project specific guidance for each P3 project. There are industry best practice guidelines that were used when developing the guidelines for this project. Additionally, DOTD contracted with various discipline advisors with expertise in the procurement of P3 projects. DOTD utilizes the *Public-Private Partnership (P3) Procurement: A Guide for Public Owners, March 2019* for guidance as well.

The Department agrees with Recommendation #3, which states, "DOTD should ensure it documents its implementation of the RFQ process for future P3 proposals and retains the supporting documentation in accordance with its retention policy."

DOTD has a records retention policy and will exercise due diligence to ensure that all documents related to P3 procurements are retained according to the policy.

The Department agrees with Recommendation #4, which states "For future P3 projects, DOTD should ensure it publishes toll rate schedules and clearly communicates how these schedules are used to determine the expected toll rates following inflation or other adjustments based on contractual agreements."

Toll rates for P3 projects are typically determined and set by the proposers, within the criterion included by DOTD in the RFP documents. DOTD will exercise due diligence to ensure that the expected and final toll rates are communicated to the public at the earliest opportunities.

The Department agrees with Recommendation #5, which states "DOTD should consider developing a policy for reevaluating the need to continue/discontinue tolling on any state-owned tolled transportation facility. It should also state how this decision is going to be communicated to the public."

The P3 contract does not discuss the termination of tolling but the termination of the agreement with the provider. The contract does, however, discuss the maximum toll term. DOTD will need to consider development of a process for reevaluating the need to continue/discontinue tolling.

The Department agrees with Recommendation #6, which states "For future P3 projects, DOTD should consider adding a provision, subject to negotiation, to the P3 contract that requires the developer to consider hiring local subcontractors unless DOTD and/or the developer agree that such requirement will unduly restrict competition."

A local requirement was not allowed by federal law at the time the Belle Chasse contract was executed. On future projects, DOTD will consider local subcontractor requirements provided that such requirements would not unduly restrict competition and per applicable law.

Thank you for the opportunity to respond to these audit recommendations. We appreciate the positive working relationship we have with your staff. Please feel free to contact me at (225) 379-1200 or Chris Knotts, Chief Engineer, at (225) 379-1384 should you have any questions.

Sincerely,

Eric Kalivoda
Secretary

EK:MS:ch

cc: Mr. Barry Keeling
Mr. Don Johnson
Mr. Chris Knotts, PE
Ms. Peggy Paine, PE
Mr. Mark St. Cyr
Mr. Chad Winchester, PE

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our evaluation of the Belle Chasse Bridge and Tunnel Replacement Project Public-Private Partnership (Belle Chasse P3 project). Senate Concurrent Resolution No. 41 of the 2022 Regular Legislative Session requested that the legislative auditor review this project and, if applicable, make recommendations for future P3 projects based on best practices. This evaluation covered calendar years 2017 through 2022, although our analysis included historical information going back to 2003 and projections going to 2054. The objective of this audit was to answer specific questions regarding the Belle Chasse P3 project. Specifically:

Section 1: Belle Chasse P3 Project Selection and Procurement

1. How does DOTD determine which projects to procure as a P3, including selecting the Belle Chasse project as a P3, and how many P3 transportation projects does DOTD have?

2. Did DOTD follow the procurement guidelines it created for the Belle Chasse P3 project?

3. Did DOTD evaluate the Statements of Qualifications (SOQs) according to the process outlined in the Request for Qualifications (RFQ)?

4. Did DOTD evaluate the developer's proposal according to the process outlined in the Request for Proposals (RFP)?

5. Was there evidence that the selected developer influenced the outcome of the Belle Chasse P3 procurement process?

6. How much did DOTD spend to procure the Belle Chasse P3 project?

7. Did DOTD ensure that the terms of the Belle Chasse P3 contract are in the best interests of the state?

8. Did DOTD sufficiently involve/engage the public during the Belle Chasse P3 procurement process?

9. Was the Belle Chasse P3 contract with the selected developer approved in accordance with state law?

Section 2: Estimated Construction Cost, Toll Rates, and Fees

10. What are the total construction costs, and who is responsible for costs to demolish the old bridge, decommission the existing tunnel, and construct the new bridge?

11. How much will the tolls be, and how much will they increase annually to use the bridge?

12. How much toll revenue/fees are expected to be collected over the term of the Belle Chasse P3 contract?

13. How do toll rates and fees for the Belle Chasse P3 project compare to toll rates and fees in neighboring states?

Section 3: Estimated DOTD Windfall and Return on Investment for Developer

14. How much could DOTD receive from toll revenues (i.e., projected windfall)?

15. What can toll revenues and DOTD's windfall be used for?

16. What is the developer's expected return on investment (i.e., profit)?

17. Does the Belle Chasse P3 contract clearly state when tolling will end?

Section 4: Other Belle Chasse P3 Contract Provisions

18. What non-tolled alternative routes are available for residents to use?

19. Does the Belle Chasse P3 contract obligate the developer to hire local subcontractors for construction or operations and maintenance of the new bridge?

20. Who will own the newly-constructed bridge, and who is responsible for operating and maintaining the bridge?

21. Can DOTD take back the operations and maintenance of the Belle Chasse Bridge from the developer prior to the end of terms of the Belle Chasse P3 contract?

22. How will the newly-constructed Belle Chasse P3 project impact the Peters Road Bridge and Extension project?

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

We obtained an understanding of internal control that is significant to the audit objective and assessed the design and implementation of such internal control to the extent necessary to address our audit objective. We also obtained an understanding of legal provisions that are significant within the context of the audit objective, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To answer our objective, we performed the following audit steps:

- Researched and reviewed state and federal laws applicable to P3 projects.
    - The audit team did not evaluate whether DOTD violated R.S. 48:2084.15 by not obtaining written approval from the Plaquemines Parish Port Authority to operate a P3 facility in their jurisdiction. The Louisiana Attorney General concluded that a declaratory judgment would be more appropriate than an Attorney General opinion given the controversial nature of the project and the likely prospect of litigation.
- Researched best practices applicable to P3 projects.
- Interviewed DOTD staff, local stakeholders, the developer, and one of the other shortlisted companies.
- Obtained and evaluated the Department of Transportation and Development's (DOTD):
    - Environmental Assessment
    - P3 procurement guidelines for Belle Chasse project
    - P3 procurement documentation (e.g., RFQ, RFP, meeting records, correspondence, etc.)
    - Committee evaluation worksheets for SOQs and proposals
    - Final and draft copies of Comprehensive Agreement (i.e., contract)
    - Studies related to the Belle Chasse bridge and tunnel

- Maintenance records for the current Belle Chasse bridge and tunnel
- Potential future Louisiana P3 projects
- Obtained procurement and project planning costs
- Map of the Belle Chasse P3 project in relation to the alternative route and the proposed Peters Road Bridge and Extension project.

- Visited and observed construction of the new bridge in Belle Chasse.
- Researched toll rates and fees in other states' state-owned toll facilities, i.e. Texas, Arkansas, Mississippi, Alabama, and Florida. We did not review all fees and incidental charges (such as credit card processing fees, license plate lookup fees, etc.).
- Obtained from the developer:
  - Construction photos
  - Examples of operations and maintenance activities for the new bridge
  - Breakdown of how toll revenues will be spent
  - Public comments and questions submitted to developer
- Using the Belle Chasse P3 contract, created multiple exhibits to clarify or illustrate the impact of different contract provisions.
- **Estimated impact of inflation on toll rates over a 30-year period.** We worked with LLA economist to produce estimates for a range of future inflation scenarios (1, 2, and 5.5%) based on historical trends in inflation as measured by the Consumer Price Index (CPI) as shown in the Exhibit B.1 below.

Exhibit B.1 CPI Trends				
CPI Periods in Inflation Bins	1913 to present		1993 to present	
	Number	Percent	Number	Percent
up to 2.0%	206	21.5%	0	0.0%
2.0% up to 3.5%	350	36.4%	157	43.5%
3.5% up to 5.5%	405	42.1%	204	56.5%
5.5% and above	0	0.0%	0	0.0%
Total	**961**	**100.0%**	**361**	**100.0%**

Source: Prepared by legislative auditor's office using information from the Bureau of Labor Statistics.

- This shows that the 30-year moving average geometric mean rate of CPI inflation was less than 2% only 21.4% of the time, and it was never below 2% from January 1993 to January 2023.

- The Federal Reserve aims for inflation of 2% as a long-run average target, allowing for periods of above-average inflation to balance out periods of below-average inflation so that inflation will average 2% over time.

- **Estimated how much the state will receive from toll revenues (i.e., projected windfall).** We produced estimates for eight possible windfall scenarios by setting toll revenues at fixed amounts based on the developer's projected toll revenues and windfall tiers. The calculations for all scenarios assume that:

- The developer's projected toll revenue in the contract is the actual amount of toll revenue that will be collected

- Actual toll revenues collected by the developer exactly match the amounts specified for the scenario every year of the contract Period

- Tolls will be collected for the entire 30-year term

- The developer makes each windfall payment in full at the time it is due (i.e., we do not account for any interest that may accrue due to late payments).

- Toll revenues are not pro-rated in the projections for the partial years (i.e., Years 1 and 31) because the amount of time required to achieve toll revenue thresholds are not relevant to the calculations for the purposes of this report.

- Toll revenues are not adjusted for inflation.

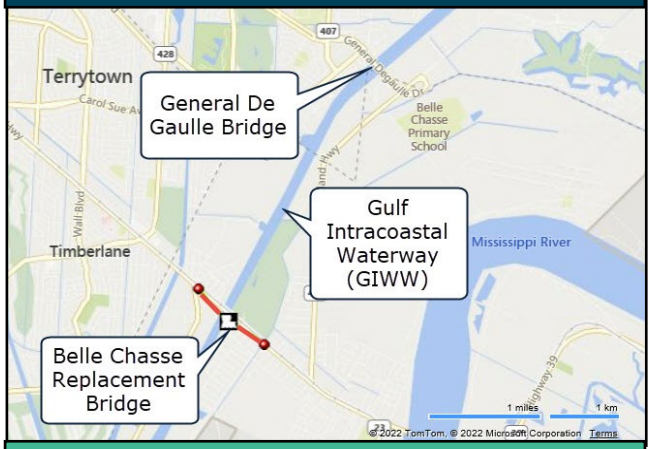
- Sent the results of our analysis and the report to DOTD, and sent applicable results to the developer, for review and feedback.

APPENDIX C: SUMMARY OF THE HISTORY OF THE BELLE CHASSE BRIDGE AND TUNNEL

The Belle Chasse Tunnel was constructed in 1955, prior to the Gulf Intracoastal Waterway (GIWW) being flooded. According to the environmental assessment for the new bridge, the tunnel was the first underwater traffic tunnel built in Louisiana, and the first fully automatic underwater vehicular tunnel in the world. The existing Belle Chasse Bridge was constructed in 1967 and opened to traffic in 1968. It was built as part of a larger state plan to widen LA 23 to four lanes, and it was intended to alleviate congestion in the tunnel spurred by economic growth in the state. The bridge features a vertical lift, which raises the center span for marine traffic to pass underneath. During normal operations, the tunnel serves only southbound traffic, while the existing bridge serves only northbound traffic.

LA 23 is the principal artery connecting Plaquemines and Jefferson Parishes and the only hurricane evacuation route for lower Plaquemines Parish. The environmental assessment for the new bridge stated that the tunnel closes frequently for both scheduled and unscheduled maintenance. During tunnel closures, the existing bridge must operate with two-way traffic. According to the developer for the new bridge, the existing bridge lifts approximately 15 times per day for marine traffic, stopping vehicular traffic for approximately 12 minutes each time.[46] Additionally, oversized trucks and trucks carrying hazardous cargo are prohibited from using the tunnel. They must currently detour off LA 23 and use the General DeGaulle Bridge to travel south over the GIWW.

Exhibit C.1
Belle Chasse Bridge Replacement Project Map



Source: Project map provided by DOTD.

[46] A curfew on bridge openings keeps the existing bridge open to traffic for all but emergency needs during peak morning and afternoon periods. These curfews are suspended in the days leading up to a weather emergency, and the bridge opens with higher frequency to allow marine vessels to travel up the GIWW to safe harbor. During mandatory evacuations, the existing bridge closes to all marine traffic until the evacuation is completed. According to one of the stakeholders, it's also possible to be stopped from crossing the current bridge due to multiple barges passing and getting caught by a red light on the other side of the bridge, resulting in approximately a 30-minute wait.

APPENDIX D: STRUCTURES OF PUBLIC-PRIVATE PARTNERSHIPS (P3)

P3s are structured differently than traditional Design-Bid-Build projects. Under traditional Design-Bid-Build procurement methods, private contractors construct projects based on a public design with public financing, and turn over the assets to the public agency upon completion for operations and maintenance. Under the P3 model, the private sector (i.e., the developer), may also participate in the design, financing, operations, and/or maintenance of an asset. The central characteristic of a P3, which also makes it structurally different from traditional projects, is that it combines multiple project phases or functions, such as design, build or rehabilitate, finance, operate, and maintain. The combination of functions varies by project and the type of services requested or required. Projects that are difficult and complex, atypical for an agency, or that require skills outside of an agency's core mission are often candidates for P3s. Exhibit D.1 provides description of P3 models.

Exhibit D.1
P3 Models

P3 Model	Description
Design-Build (DB)	A procurement or project delivery method where a single entity (a contractor or team of contractors) is entrusted with both the design and construction of a project. This contrasts with traditional procurement in which one contract is bid for the design phase and then a second contract is bid for the construction phase of the project. Potential benefits can include time savings, cost savings, risk sharing, and quality improvement.
Design-Build-Finance (DBF)	A project delivery method that includes a component of financing provided by the design-build contractor in addition to DB services. The contractor provides the necessary up-front capital to address the project's cash flow needs and is generally repaid by the public agency in a series of installments funded by taxes, fees, or tolls.
Design–Build–Operate–Maintain (DBOM)	A project delivery method that includes not only design and construction in a single contract, but also the operations and maintenance of a facility.
Design-Build-Finance-Operate-Maintain (DBFOM)	A project delivery method that combines design, construction, financing, and either long-term or short-term operations and maintenance services. Under a DBFOM, the public agency retains ownership of the facility and uses revenues generated from operation of the facility (e.g., tolls) to repay the private partner and other financing used to construct it. Potential benefits include transfer of financial risk to the private contractor and optimization of life-cycle costs.

Source: Prepared by legislative auditor's staff using information from the Federal Highway Administration.

Multiple entities play key roles in P3 projects, because each P3 is unique in terms of its scope and the expertise it requires throughout the procurement process. Specifically:

- **The Louisiana State Legislature** authorized[47] in 2016 the Department of Transportation and Development (DOTD) to engage in solicited P3 projects and provided for procurement and the contract requirements between the developer and DOTD.
- **DOTD** is responsible for P3 project formulation (creating guidelines and establishing goals for the project), P3 procurement, negotiations, and oversight of the P3 projects.
- **Technical, financial, and legal consultants** assist DOTD in analyzing projects considered for P3s, in the initial planning for a P3 concession on a selected project, in negotiating the contract, and in some cases, on certain monitoring and oversight tasks.
- **Local jurisdictions** determine whether a proposed P3 project is compatible with local transportation plans. State law[48] requires that copies of P3 proposals be submitted to affected local jurisdictions and responsible public entities for them to make this determination.
- **The Federal Highway Administration (FHWA)** requires that all P3 projects receiving federal-aid or credit assistance follow the same federal regulations and requirements as other, traditional federal-aid projects. P3 projects are required to receive federal approval for environmental impact studies and a Request for Proposals (RFP) release, as well as concurrence in price reasonableness and in the award and authorization of federal funds, as summarized in Exhibit D.2.

[47] Act 519 of the 2016 Regular Legislative Session enacted R.S. 48:250.4 regarding soliciting P3s. Act 304 of the 2006 Regular Legislative Session enacted R.S. 48:2084-2084.15. R.S. 48:250.4 and 2084.6 were amended by Act 358 of the 2019 Regular Legislative Session
[48] R.S. 48:2084.3

Exhibit D.2
FHWA Role in P3 Projects Receiving Federal-Aid or Credit Assistance

P3 Procurement Activity	FHWA Action	FHWA Action Description
Issue Request for Qualifications (RFQ)	Review and Observe	• Critically review RFQ for the possibility of local preferences or unnecessary restrictions or limitations on competition • Observe industry briefings
Review Statements of Qualifications (SOQs)	Review and Observe	• Review SOQs • Observe evaluation process
Issue Request for Proposal (RFP)	Approve issuance of RFP. Approve major addenda.	• Review draft and final RFP • Observe meetings with shortlisted proposers • Assist in responding to questions and Alternative Technical Concept (ATCs)
Review Proposals	Review and Ensure Compliance	• Review proposals, including ATCs Observe evaluation process • Ensure compliance with Disadvantaged Business Enterprise requirements • Ensure compliance with civil rights requirements* • Review potential for conflict of interest
Award Contract	Concurrence in price reasonableness. Concurrence in award and authorization of Federal funds.	• Determine price reasonableness • Review final contract documents for RFP accordance and relevant termination provisions

***** The Federal-aid Highway Act of 1973 (prohibiting discrimination based on sex), the Age Discrimination Act of 1975, the Civil Rights Restoration Act of 1987, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, Executive Orders 12898 (Environmental Justice), and 13166 (Limited English Proficiency), etc.
Source: Prepared by legislative auditor's staff using information from the Federal Highway Administration.

- **Potential Developers** are required to submit a proposal based on RFP requirements that includes both technical plans for how the project will meet the design, construction, maintenance, and operational requirements, as well as a financial plan demonstrating the financial feasibility of the proposal. The basic elements of the P3 project (e.g., P3 type, tolls or availability payments, total public funds availability, etc.) are usually established by public agencies (i.e., DOTD) early in the procurement process and are the same for all bidders, so that all bidders have the opportunity to provide a bid on

similar terms. The developer *does not* participate in the decision-making to determine the P3 structure for projects.

- **Other entities** may participate in the P3 process, such as expert service providers, equity investors, commercial lenders, bondholders, contractors/subcontractors, escrow agents, collateral agents, etc.

Compensation arrangements are structured differently among P3 projects, and not all P3s require tolls. All P3s require revenue to pay back the private sector's (i.e., the developer's) upfront investment and are commonly classified by their compensation mechanism. Although many types of P3s exist, for P3s that involve an assumption of financial risk by the developer, as well as long-term (i.e., more than 10 years) operations and maintenance, there are three typical compensation arrangements:

- **Toll concessions,** where the developer receives compensation by obtaining the right to collect tolls on a facility, but the public agency usually limits toll rates/increases in some way. The toll rate that the developer is allowed to charge is typically defined in the P3 agreement, which also usually caps the amount by which a toll rate can be increased over time.

- **Shadow toll concessions**, where the developer receives a set payment from the public agency called a "shadow toll" for each vehicle that uses the facility. Because shadow tolls are not based on user fees, the public agency will need a different source of revenue to pay the developer, and may charge tolls to make these payments.

- **Availability payment concessions**, where the developer receives a periodic payment from the public agency based on achieving specified performance outcomes (e.g., pavement quality, cleanliness, speed of clearing up accidents, etc.). Availability payment concessions are similar to mortgages, where the developer uses private financing for the project, and the public agency repays the developer its investment, plus interest, on an installment basis. Because availability payments are not based on user fees, the public agency will need a different source of revenue to pay the developer, and may charge tolls to make these payments.

Unlike traditional Design-Bid-Build projects where the state assumes most of the financial risk, the developer may assume considerable amount of the financial risk and rewards for P3 projects. This includes financing, constructing, operating, and/or maintaining a transportation facility in exchange for the right to future revenues or payments for a specified period. Whether revenues are derived from tolls or other sources, public agencies seek to structure a P3 agreement in a way that achieves public benefits and can attract private financial resources. Potential private project sponsors determine whether and how much to invest or lend to a project based on an evaluation of projected project cash flows

and associated risks. Based on this evaluation, investors may demand a higher rate of return and lenders may demand a higher interest rate or reduce the amount they are willing to lend. Exhibit D.3 summarizes the different financial risk structures.

Exhibit D.3
P3 Financial Risk Structures

P3 Model	Financial Risk
Design-Build	Under a **Design-Build** structure, the private sector is in charge of designing and building the project, but leaves the financing, operations, and maintenance of the facility to the public agency. Under traditional Design-Bid-Build structure, the designer cannot consider all of the contractor's construction methods, and the design is therefore not optimized to suit a specific contractor's sequencing, methods, equipment, and preferences. Design flaws can lead to delays and cost increases, as well as produce environmental and safety issues, both during the construction and during the operations period of the project. A public agency can protect itself from such cost increases by requiring the developer to submit a fixed price contract. The private sector entity will normally add an inflation factor into its final bid, which "expires" after a certain time period to protect against changes in market conditions. As an alternative, indexing approaches may be used to address inflationary cost increases.
Design–Build–Finance	Under a **Design–Build–Finance** structure, the private sector entity is in charge of financing and building the project but leaves the operations and maintenance of the facility to the public agency. In addition to capitalizing on the efficiencies of having the design-builder undertake the design and construction of the project simultaneously, the advantage of this approach is a public agency can advance the construction of the project prior to assembling all the funding required for the project. Under this structure, the private sector assumes additional risks beyond those of the Design-Build contract, including the risk associated with future appropriations expected to make project funding available.

Exhibit D.3 P3 Financial Risk Structures	
P3 Model	**Financial Risk**
Design-Build-Operate-Maintain	Under **Design-Build-Operate-Maintain** structure, a developer is responsible for design and construction as well as long-term operation and/ or maintenance services. The public agency secures financing independently and retains the operating revenue risk. Under this structure, the private sector is also required to establish a long-term maintenance program upfront, together with estimates of the associated costs. The detailed knowledge of the project design and the materials utilized allows for development of a tailored maintenance plan that anticipates and addresses needs as they occur, thereby reducing the risk that issues will go unnoticed or unattended and deteriorate into much more costly problems. However, the public agency must take great care to specify all standards to which it wants its facilities designed, constructed, and maintained. With this type of procurement, unless needs are identified up front and reflected in the overall project specifications, they will not generally be met. This is important as Design-Build-Operate-Maintain contracts may extend for periods of up to 20 years or longer.
Design–Build–Finance–Operate–Maintain	Under **Design–Build–Finance–Operate–Maintain** structure, the responsibilities for designing, building, financing, and operating are bundled together and transferred to private sector partners. There is a great deal of variety in how financial responsibilities are actually transferred to the private sector under this structure. One commonality across all of the Design–Build–Finance–Operate–Maintain projects is that they either partly or wholly financed by debt leveraging revenue streams dedicated to the project. • In **toll-based Design–Build–Finance–Operate–Maintain** structure, a developer shoulders a considerable amount of risk linked to the uncertainty of traffic over the life of the project. The investment decision and the financing structure are determined based on traffic projections. If actual traffic is lower than projected, then the developer is exposed to financial loss and to the risk of defaulting on project debt. If traffic and revenue are higher than expected, then the private partner could make significant profits. To protect against this, a revenue-sharing clause (i.e. windfall) with a public agency is usually included in the P3 agreement. • In a **shadow toll-based Design–Build–Finance–Operate–Maintain** structure, a public agency agrees to compensate the developer based in part on a "shadow toll" or fee paid by the public agency for each vehicle that uses the facility. In a shadow toll concession, a public entity transfers traffic risk to a developer so that the developer still has strong incentives to provide high-quality service levels that attract traffic. Shadow toll payments may be adjusted based on performance or based on pre-established floors and ceilings.

Exhibit D.3 P3 Financial Risk Structures	
P3 Model	**Financial Risk**
	• In **availability-based Design–Build–Finance–Operate–Maintain** structure, a public agency retains the traffic risk by making payments directly to a developer based on the availability of the facility rather than on the number of vehicles. Payments are contingent on achievement of pre-agreed performance standards; however, the developer is exposed to long-term appropriations risk.* Availability payments may be used if the public sector wishes to retain traffic risk to attract more bids or because the private sector would otherwise demand a high-risk premium. To determine the amount of the availability payment, private entities submit bids based on the annual payment they would require to design, build, finance, operate, and maintain the facility. Availability payments may also be used in cases in which tolling is infeasible.
***Appropriations risk** is the risk that the public agency is incapable of meeting its financial obligations to the project, because funds for the project fail to be obligated to its budget. This risk can be caused by political issues (if there is strong local opposition to the project) or by a change in economic conditions affecting public sector revenues. **Source:** prepared by legislative auditor's office using information from the Federal Highway Administration.	

APPENDIX E: REASONS FOR THE SELECTION OF THE BELLE CHASSE BRIDGE AND TUNNEL REPLACEMENT PROJECT FOR P3 PROCUREMENT

Reason	Explanation
Insufficient Traditional Funding	In 2017, DOTD faced a $14.1 billion construction backlog. Given the size of the construction backlog and being classified as a Priority A (i.e., highest priority) Megaproject,* the Belle Chasse Bridge and Tunnel replacement project was contingent on obtaining new revenue stream. According to DOTD, an increase in the state motor fuel tax could have been used to fund Priority A Megaprojects, but efforts to increase the motor fuel tax in 2017 failed. In 2017, DOTD had no definitive date when the Belle Chasse project would have been scheduled on the Highway Priority Program.
U.S. Department of Transportation's Nationally Significant Freight and Highway Projects (INFRA) Grant Opportunity	In 2017, DOTD applied for the 2017-2018 INFRA Grant that was part of the national effort to promote P3s, especially in rural areas. DOTD chose to apply for this grant because the Belle Chasse project met the key program objectives, such as attracting private economic development and using innovative financing (i.e., P3 model), as well as raising revenue directly (i.e., tolls). In June 2018, the U.S. Department of Transportation awarded a $45 million INFRA grant for the Belle Chasse project. In September 2019, the U.S. Department of Transportation clarified that the award was based on two critical criteria: a P3 and innovative financing (such as a toll or a tax that did not previously exist and was created expressly for this project). If the Belle Chasse project was not a P3 and did not use innovative financing, DOTD would have had to return the INFRA grant.
Frequent, High, and Unpredictable Cost of Maintenance	According to DOTD, the existing Belle Chasse Bridge and Tunnel are unreliable and inefficient infrastructure that are subject to frequent, costly, and unpredictable operations for repair and maintenance, and will eventually have to be taken out of service. According to the 2015 tunnel inspection report, the estimated cost of performing the recommended critical, priority, and routine repairs was $12,571,000. In addition, in its Benefit Cost Analysis for the Belle Chasse project, DOTD estimated annual operations and maintenance costs at $67,406 for the existing bridge and $529,057 for the existing tunnel.

Reason	Explanation
Toll Feasibility	The 2017 Task 2 Feasibility of Tolling Priority A and Priority B Megaprojects report identified six megaprojects as toll-feasible, including Mississippi River Bridge in Baton Rouge and Calcasieu River Bridge in Lake Charles, but the Belle Chasse project was the most feasible and project-ready. During the National Environmental Policy (NEPA) process (i.e., the environmental process required for projects using federal funds), the environmental justice evaluation for the Belle Chasse project was based on expected toll rates from $0.50 to $1.50 for automobiles and up to $3.00 to $9.00 for multi-unit trucks. The state negotiated beginning toll rates in the amount of $0.25 to $1.80 for automobiles and $3.00 to $6.90 for large trucks/trailers in 2019 dollars.
Environmental Assessment Findings	The NEPA process was initiated in 2012. The environmental assessment for the Belle Chasse project stated that a replacement bridge would "address current operational constraints and increasing demands for maintenance created by aging infrastructure" and included multiple references to age, wear, and maintenance problems. The Federal Highway Administration approved the environmental assessment for the selected alternative in January 2019.
2015 Tunnel Inspection Findings	A 2015 inspection of the tunnel identified numerous critical and priority repairs and rehabilitation needs, including: • Active leaks and cracks in the leak repair joints, rated in severe condition. • Systematic defects in construction joints, with some rated in severe condition. • Tunnel ventilation system performing below design capacity, including out-of-service fans and clogged air flues, rated in severe condition. • Multiple deficiencies in the power distribution system, including water accumulation under power distribution panels and exposed wiring, rated in severe condition. • One tunnel section had no lighting fixtures, in violation of the American National Standards Institute Standard for Tunnel Lighting, rated in severe condition. • The carbon monoxide (CO) detection system was not functioning and was rated in severe condition. The report also noted that the tunnel was deficient in approximately two-thirds of the mandatory National Fire Protection Association standards for Road Tunnels, Bridges, and Other Limited Access Highways.

Reason	Explanation
National, State, and Local Priority	The Belle Chasse Bridge and Tunnel replacement project is a national, state, and local transportation priority. Specifically: • **National:** The INFRA grant application identified the Belle Chasse project as having important benefits for access to and from the Naval Air Station/Joint Reserve Base (NAS/JRB) New Orleans for military personnel. The NAS/JRB is located approximately four miles south of the Belle Chasse P3 project, and is home to detachments of the US Navy, the US Coast Guard, the US Marines, and the Louisiana National Guard. A new mid-level fixed-span bridge over the Gulf Intracoastal Waterway (GIWW) will provide additional national security for the United States by making access to a critical military installation more efficient and unimpeded. • **State:** The 2003 and 2015 Statewide Transportation Plans included the Belle Chasse Bridge and Tunnel as a Priority A Megaproject in need of improvements. However, according to DOTD, it was identified as aged infrastructure in need of major repair or replacement in 1996. • **Local:** The New Orleans Regional Planning Commission (NORPC) included the Belle Chasse Bridge and Tunnel in their long-range transportation plan around 2003. Plaquemines Parish listed the Belle Chasse Bridge and Tunnel replacement as a "near-term priority" in the parish's Comprehensive Master Plan in July 2012. This action plan also stated that the project was programmed in the long-range Metropolitan Transportation Plan for fiscal years 2015-2024.
Freight Movement and Economic Vitality Needs	According to DOTD, while LA 23 is not currently on the National Highway Freight Network, the project has significant benefits to freight movement and economic vitality. A new bridge at Belle Chasse will facilitate commerce and provide a reliable connection for residents south of the GIWW to job opportunities in the region and other employment centers in the area, as well as for workers commuting south to the Naval Air Station, the Port of Plaquemines, several refineries and other industries, such as commercial fishing. This also benefits the construction and operation of a Liquefied Natural Gas plant that is to be constructed south of this new structure on the Mississippi River. Further, the GIWW, a major inland commercial waterway, will benefit from the project by elimination of the existing vertical lift bridge.

Reason	Explanation
Traffic/Congestion Issues	LA 23 is the principal artery connecting Plaquemines and Jefferson Parishes. When the tunnel is closed for maintenance, the bridge operates with two-way traffic, effectively reducing capacity across Belle Chasse's main traffic artery by half. However, the tunnel does not reciprocate with two-way traffic during bridge closures. Certain vehicles are prohibited from using the tunnel due to height restrictions, and trucks carrying hazardous cargo are also prohibited from using the tunnel, which affects many loads traveling to petrochemical plants south of the GIWW. Multiple stakeholders also expressed frustration with traffic congestion due to the bridge lifting for marine traffic and frequent tunnel closures due to maintenance activities.
Emergencies and Evacuation Challenges	LA 23 is the only state highway that travels the length of Plaquemines Parish's West Bank and is the preferred route for emergency evacuations. While the bridge is closed to marine traffic in the event of a mandatory evacuation, bridge tender reports show a higher frequency of bridge openings in the days leading up to a storm's landfall as well as during the few days after a storm passes. According to the environmental assessment findings, these periods of higher than normal marine traffic create vehicle congestion that interferes with residents' egress and ingress.

*A "Megaproject" is defined as a high-cost project or a project of high significance when viewed from a statewide perspective. According to the 2003 Statewide Transportation Plan, advocates for Megaprojects presented their need to the Regional Planning Officials Advisory Council in the Spring of 2002. These projects were evaluated by DOTD and a consultant team on criteria including transportation efficiency, impact on economic development, environmental impact, and safety. Projects that scored high on both quantitative and qualitative evaluations were considered Priority A, the highest priority.
Source: Prepared by legislative auditor's staff using information from DOTD.

APPENDIX F: MAJOR ROLES PLAYED BY KEY PARTICIPANTS IN THE STATEMENTS OF QUALIFICATIONS (SOQ) EVALUATION PROCESS

Six Statements of Qualifications submitted by Proposers in response to RFQ

1. Responsiveness

Procurement Management Team	RFQ Evaluation Committee*
▪ Received SOQs from six Proposers ▪ Performed responsiveness review and recommended actions to RFQ Committee ▪ Communicated with proposers on behalf of the project manager and RFQ Committee ▪ Prepared SOQs for Advisors and RFQ Committee evaluations	▪ Considered actions recommended by Procurement Management Team (PMT) ▪ Developed questions for Requests for Clarification (RFCs) as needed ▪ Communicated RFCs to PMT

2. Pass/Fail Evaluation**

Advisors	RFQ Evaluation Committee
▪ Independently evaluated SOQs on pass/ fail evaluation factors ▪ Did not rate evaluation factors ▪ Provided feedback to RFQ Committee	▪ Evaluated and rated SOQs on pass/ fail evaluation factors

3. Qualitative Evaluation***

Advisors	RFQ Evaluation Committee
▪ Independently evaluated SOQs on qualitative evaluation factors/subfactors ▪ Did not rate evaluation factors ▪ Provided feedback to RFQ Committee	▪ Evaluated and rated SOQs on qualitative evaluation factors/subfactors

4. Selection of Shortlist****

RFQ Evaluation Committee	DOTD Secretary
▪ Used evaluations to create an overall SOQ rating ▪ Ranked SOQs by overall ratings ▪ Recommended a shortlist of the three highest-ranked SOQs to the Secretary	▪ Invited the shortlisted Proposers to submit proposals in response to the RFP

*Representatives from the Federal Highway Administration were designated as ex officio observers to the RFQ process. FHWA representatives did not rate SOQs or make recommendations for the shortlist.
**SOQs could not move on to pass/fail evaluations if they were declared non-responsive by DOTD.
***SOQs had to pass all pass/fail evaluation factors in order to move on to the qualitative evaluation.
****Any SOQ receiving an "unacceptable" on any qualitative evaluation factor or subfactor was disqualified from being shortlisted.
Source: Prepared by legislative auditor's staff using information from Procurement Documents for the Belle Chasse P3 project.

APPENDIX G: MAJOR ROLES PLAYED BY THE KEY PARTICIPANTS IN THE PROPOSAL EVALUATION PROCESS

One shortlisted Proposer submitted a proposal in response to the RFP

1. Responsiveness

Procurement Management Team

- Received proposal
- Performed responsiveness review and recommended actions to RFP Committees
- Communicated with proposers on behalf of the project manager and RFP Committees
- Prepared proposal for Advisors and RFP Committee evaluations

⟺

RFP Committees:* Proposals Evaluation Committee and Financial Review Committee

- Considered actions recommended by Procurement Management Team (PMT)
- Developed questions for Requests for Clarification (RFCs) as needed
- Communicated RFCs to PMT

2. Pass/Fail Evaluation**

Advisors

- Independently evaluated the separate Technical and Financial Proposals on pass/fail evaluation factors
- Did not rate evaluation factors
- Provided feedback to the RFP Committees

⟺

Proposals Evaluation Committee

- Evaluated and rated the proposal on Legal pass/fail evaluation factors

⇩

Financial Review Committee

- Evaluated and rated the proposal on Financial pass/fail evaluation factors

⟺

3. Qualitative Evaluation***

Advisors

- Independently evaluated the separate Technical and Financial Proposals on qualitative evaluation factors and subfactors
- Did not rate evaluation factors
- Provided feedback to the two RFP Committees

⟺

Proposals Evaluation Committee

- Evaluated and rated the Technical Proposal on qualitative technical evaluation factors

⇩

Financial Review Committee

- Evaluated and rated the Financial Proposal on qualitative financial evaluation factors

4. Selection of Developer****

Proposals Evaluation Committee		DOTD Secretary
▪ Used evaluations to create an overall Technical Proposal rating and submitted this to the Secretary.	→	▪ Received Technical and Financial Proposal ratings from the RFP Committees ▪ Determined that the proposal satisfied the requirements of the RFP and selected the Proposer as the Developer
Financial Review Committee		
▪ Used evaluations to create an overall Financial Proposal rating and submitted this to the Secretary	→	

*Representatives from the FHWA were designated as ex officio observers to the RFP process. FHWA representatives did not rate proposals or recommend a best value proposer.
**Proposals could not move on to pass/fail evaluations if they were declared non-responsive by DOTD.
***Proposals had to pass all pass/fail evaluation factors in order to move on to the qualitative evaluation.
****Any proposal receiving an "unacceptable" on any qualitative evaluation factor was disqualified from being selected as the developer.
Source: Prepared by legislative auditor's staff using information from procurement documents for the Belle Chasse P3 project.

APPENDIX H: EVALUATION FACTORS AND RATING SYSTEM FOR STATEMENT OF QUALIFICATIONS (SOQS) AND P3 PROPOSALS

Exhibit H.1 provides SOQ evaluation factors and objectives.

Exhibit H.1 Statements Of Qualifications Evaluation Factors and Objectives		
Evaluation Factors	**Subfactors**	**Objective(s)**
Pass/Fail Evaluation Factors		
Legal	**N/A**	Identify legally-constituted proposers able to submit proposals, enter into a contract, and complete the work, and that have obtained all required licenses or committed to do so prior to execution of the contract.
Minimum Financial Capacity	**N/A**	Identify proposers with demonstrated capability to undertake the financial responsibilities associated with the project, including bonding.
Qualitative Evaluation Factors*		
Technical	**Technical Organization and Key Managers**	1. To identify proposers that will effectively manage all aspects of the contract in a quality, timely, and effective manner and will integrate the different parts of its organization collectively with the DOTD in a cohesive and seamless manner. 2. To identify the best personnel for key management positions with demonstrated experience and expertise in and record of producing quality work on projects of a similar nature. 3. To identify key managers with the length and depth of experience working on projects of similar scope and complexity.

Exhibit H.1 Statements Of Qualifications Evaluation Factors and Objectives		
Evaluation Factors	**Subfactors**	**Objective(s)**
Technical	**Proposer Technical Experience**	1. To identify the best design and construction firms available with demonstrated experience, expertise, and capacity in and record of producing quality work on projects similar in nature. 2. To identify proposers with a superior record of: completing contracts on time and within budget; managing contracts to minimize delays, claims, dispute proceedings, litigation, and arbitration; managing construction that minimizes disruption to the traveling public; and a good safety record. 3. To identify the best toll operations and facility maintenance firms available with demonstrated experience, expertise, and capacity in and record of quality performance on projects similar in nature. 4. To identify proposers that have the technical and management experience and expertise to plan, organize, and execute the design and construction and assure the quality and safety of the project. 5. To identify proposers that the technical and management experience and expertise to operate and maintain the project, including experience managing operations and maintenance interfaces with operators of adjacent roadways/facilities. 6. To identify proposers with experience in toll collection system design and toll systems integration for managed and/or general toll projects. 7. To identify the depth of experience of proposer team members working together successfully as an integrated team.

Exhibit H.1 Statements Of Qualifications Evaluation Factors and Objectives		
Evaluation Factors	**Subfactors**	**Objective(s)**
Technical	**Initial Statement of Technical Approach**	1. To identify the proposer that demonstrates a full understanding of the project's scope and complexity 2. To identify the proposer that demonstrates an understanding of project risks and potential solutions, regardless of ownership, that may arise during all project phases, including design, construction, operation and maintenance 3. To identify the proposer's approach to an Alternative Technical Concept (ATC) process and other project innovations that can be used to maximize available public funds 4. To identify the proposer's approach to P3 contracting and successful delivery of the project using a P3 model
Technical	**Past Performance**	1. To avoid proposers with firms or personnel with a history of legal and financial issues that could adversely impact the project generally 2. To obtain the commitment of the proposer and the proposer's organization regarding representations made in the SOQ
Financial	**Financial Key Managers**	1. To identify the length and depth of experience of the project finance lead(s) in financing toll projects, in particular experience with managed and/or general toll lane projects. 2. To identify the project finance lead's demonstrated ability to develop finance plans and secure debt and equity financing for projects with similar credit characteristics. 3. To identify the project finance lead's experience in closing transactions utilizing a wide range of financing and funding tools and instruments. 4. To identify the project finance lead's experience securing credit ratings necessary for project debt. 5. To identify adequacy and availability of the proposer's resources to develop and execute a financial plan on a timely basis and ability to overcome challenges that may cause delays in financial close.

Exhibit H.1 Statements Of Qualifications Evaluation Factors and Objectives		
Evaluation Factors	**Subfactors**	**Objective(s)**
Financial	**Finance Experience**	1. To demonstrate success in reaching financial close for toll road or toll bridge Design-Build-Finance-Operate-Maintain (DBFOM) projects of similar size and complexity. 2. To identify experience in structuring and securing project debt financing and equity commitments for projects of similar size and complexity, including from internal sources, investment funds, or other external sources. 3. To demonstrate readiness, flexibility, and availability to invest equity in the project.
Financial	**Conceptual Project Finance Plan**	1. To demonstrate knowledge and understanding of the current project financing markets, with specific reference to the availability of project financing for a toll project of the proposed scope and complexity. 2. To demonstrate in-depth understanding of the financial tools, requirements, and critical considerations involved in developing and implementing a financing plan for the project.
Tolling	**Tolling Approach and Experience**	1. To identify approaches that proposers may use to introduce tolls, set toll rates, enforce toll collections, and proactively communicate with the DOTD, stakeholders, and the adjacent community and public on this project. 2. To demonstrate experience in toll collection, enforcement, operation, and toll integration construction for projects of a similar nature. 3. To demonstrate experience with implementation of tolling in a non-urban area with the introduction of tolls into a new market or the reintroduction of tolling into an area.
***The Technical evaluation factor ratings were worth 50% of the SOQ's overall rating. The Financial and Tolling evaluation factors were weighted at 25% of the SOQ's overall rating each. **Source:** Prepared by legislative auditor's staff using information from the Request for Qualifications for the Belle Chasse P3 Project.		

Exhibit H.2 provides proposal evaluation factors and objectives.

Exhibit H.2 Proposal Evaluation Factors and Objectives			
Proposal	**Evaluation Factor**	**Subfactor(s)**	**Objective(s)**
Pass/Fail Evaluation Factors			
Technical	Legal	N/A	To identify legally constituted proposers able to submit proposals, enter into the contract, and complete the work, and that have obtained all required licenses or committed to do so prior to award of the contract.
Financial	Minimum Financial Capacity	N/A	To identify proposers with demonstrated capability to undertake the financial responsibilities associated with the project.
Financial	Financing Plan	N/A	1. Identification of sufficient financing for the contract, including all design and construction, operation, maintenance, and rehabilitation funding. 2. A financing plan that is adequate, feasible, and capable of being executed. 3. A financing plan that is sufficiently developed and has attracted sufficient support and commitment from lenders and investors to satisfy DOTD that there is no material risk on financial grounds of any performance failure, such as a failure to executed and deliver the contract, make payments owing to DOTD, or complete design, construction, operations, and maintenance in accordance with the contract documents. 4. Reasonable revenues and costs. 5. Reasonable terms and conditions of the financing, including debt and equity. 6. Guarantees and other security to realize financing. 7. Level of commitment of equity members in the proposer's team.

Exhibit H.2 Proposal Evaluation Factors and Objectives			
Proposal	**Evaluation Factor**	**Subfactor(s)**	**Objective(s)**
Financial	Financial Model	N/A	A fully functioning, working model that accurately calculates: 1. The full Financing Plan during the construction and operational periods of the project. 2. The required payments and all components for every commercial calculation in the contract. 3. The obligations of the proposer to DOTD and the project through the contract.
Qualitative Evaluation Factors			
Technical	Design-Build	Structures	1. A clear understanding of the project through the proposed project organization and approaches. 2. A logical, sequential, executable approach to deliver the project by way of a well-developed and comprehensive project baseline schedule. 3. Specific understanding of the project, including but not limited to effective project management, quality management in design and construction, responsive operations and maintenance during construction, and proactive and response public and stakeholder interaction. 4. The approach for community inclusive aesthetic design of structures, hardscape, and landscape. 5. The proposer's ability to operate and maintain the existing vertical-lift movable bridge and tunnel in a manner that maintains public accessibility and safety during construction of the new bridge.
		Design-Build Organization and Approach	
		Public Information and Communications	
		Demolition and Decommissioning of Existing Infrastructure	
		Schedule, Cost Control, and Risk Management	
		Design-Build Quality Management and Safety	
		Vehicular and Marine Maintenance of Traffic	

Exhibit H.2 Proposal Evaluation Factors and Objectives			
Proposal	**Evaluation Factor**	**Subfactor(s)**	**Objective(s)**
		Operations and Maintenance of the Current Facility	6. To identify proposers with a demonstrated understanding of the overall project requirements through the applicable design concepts presented. 7. To allow traffic to be safely maintained during construction while minimizing delays and inconvenience to the motoring public and marine traffic. 8. To identify efficient and innovative design and/or construction solutions that achieve the goals of the project.
Technical	Tolling	Belle Chasse Tolling Systems and Operation	1. To identify proposers that have a clear understanding of imposing the lowest toll rates that are financially feasible for the shortest operations and maintenance term for the new bridge. 2. To identify proposers that can plan, design, install, operate, and maintain state-of-the-art, interoperable tolling systems for Belle Chasse and LA 1 that provide multiple customer options and conveniences. 3. To identify proposers that can timely and efficiently install, operate, and maintain a new toll collection system for LA 1 that is fully integrated with the Belle Chasse toll system.
		LA 1 Tolling Systems and Operations	
Technical	Operations and Maintenance	Routine Maintenance, Rehabilitation, and Handback	1. Depiction of an operations and maintenance organization with clear lines of responsibility. 2. An operations and maintenance approach that responds to the need of DOTD, the adjacent communities, and the traveling and navigating public.
		Operations and Maintenance Management Plan	
		Operations and Maintenance Quality Management	

Exhibit H.2 Proposal Evaluation Factors and Objectives			
Proposal	**Evaluation Factor**	**Subfactor(s)**	**Objective(s)**
Technical	Key Personnel and Experience	N/A	1. To identify proposers that will effectively manage all aspects of the project in a quality, timely, and effective manner. 2. To identify the best personnel for key positions with demonstrated experience and expertise in and record of producing quality work on projects of a similar nature.
Financial	Tolling Approach	N/A	To identify the lowest feasible toll rate for the term of the contract that conforms with the toll plan in the Technical Proposal.
Financial	Tolling Term	N/A	To identify the shortest term, not to exceed 30 years, during which tolls will be collected by the developer on the new bridge facility.
Financial	Public Funds Amount	N/A	1. Identification of the use of the entire public funds amount of $83.2 million.* 2. Identification of the proposer's discretionary use, if any, of the up to $12 million funded by GARVEE bonds.**

*The RFP identified $83.2 million in federal funding for the Belle Chasse P3 project, not including GARVEE bonds. Additional federal funding was identified for the project between the RFP and the P3 contract execution.
**The GARVEE bonds amount available for the project increased to $17 million after the Final RFP was issued. The total project cost increased to $170 million due to the contract award and an approved Alternative Technical Concept. GARVEE bonds may be used for up to 10% of a project's cost.
Source: Prepared by legislative auditor's staff using information from the Final Request for Proposal for the Belle Chasse P3 Project and the Amendment to the INFRA grant term sheet.

Exhibit H.3. provides SOQ and proposal qualitative evaluation ratings.

H.3 SOQ and Proposal Qualitative Evaluation Ratings*		
Rating**	**Letter Rating**	**Description**
Exceptional	**E**	▪ Information/approach **significantly exceeds stated objectives/requirements** ▪ Consistently **outstanding level of quality** ▪ **Very little to no risk** of failing to meet requirements ▪ Essentially **no weaknesses**
Good	**G**	▪ Information/approach **exceeds stated objectives/requirements** ▪ Generally **better than acceptable level of quality** ▪ **Little risk** of failing to meet requirements ▪ Weaknesses are **very minor** and **no correction is necessary**
Acceptable	**A**	▪ Information/approach **meets the stated objectives/requirements** ▪ **Acceptable level of quality** ▪ **Acceptable risk** of failing to meet requirements ▪ Weaknesses are **minor** and **can be readily corrected**
Unacceptable***	**U**	▪ Information/approach **fails to meet the stated objectives/requirements** ▪ **Significant weaknesses** and/or **Unacceptable level of quality** ▪ **No reasonable likelihood of success** ▪ Weaknesses are so **major and/or extensive** that a major revision would be necessary
***These ratings were used to evaluate SOQs during the RFQ phase of procurement, and proposals during the RFP phase of procurement. ****Evaluators were also able to assign a plus (+) or minus (-) to any of these ratings to further differentiate the strengths or limitations within a technical rating. *****The RFQ states that any SOQ receiving a rating of "unacceptable" for any technical evaluation factor shall not be shortlisted; the RFP states that any proposal receiving a rating of "unacceptable" for any qualitative evaluation factor or subfactor shall not be selected as the developer. **Source:** Prepared by legislative auditor's staff using information from the Request for Qualifications and Request for Proposal for the Belle Chasse P3 Project.		

APPENDIX I: VARYING LEVELS OF IMPORTANCE FOR TECHNICAL AND FINANCIAL QUALITATIVE EVALUATION FACTORS FOR A P3 PROPOSAL

Proposal	Factor	Subfactor	Importance
Technical*	**Design-Build**	A. Structures	Most important
		B. Design-Build Organization and Approach	Equally important, but less important than subfactor A
		C. Public Information and Communication	
		D. Demolition and Decommissioning of Existing Infrastructure	
		E. Schedule, Cost Control, and Risk Management	Equally important, but less important than subfactors A-D
		F. Design-Build Quality Management and Safety	
		G. Vehicular and Marine Maintenance of Traffic	
		H. Operations and Maintenance of Current Facility	
	Tolling	A. Belle Chasse Tolling System and Operations	Significantly more important than B
		B. LA 1 Tolling System and Operations	Significantly less important than A
	Operations and Maintenance	A. Routine Maintenance, Rehabilitation, and Handback	Most important
		B. Operations and Maintenance Management Plan	Equally important, but less important than subfactor A
		C. Operations and Maintenance Quality Management	
	Key Personnel and Experience**	-	-
Financial	**Tolling Approach*****	-	Equally important, and more important than Public Funds Amount
	Tolling Term	-	
	Public Funds Amounts	-	Less important than Tolling Approach or Tolling Term

*Technical Proposal qualitative evaluation factors are listed in descending order of importance.
**There are no subfactors under Key Personnel and Experience.
***There are no subfactors under the three Financial Proposal qualitative evaluation factors.
Source: Prepared by legislative auditor's staff using information from the Final Request for Proposal for the Belle Chasse P3 project.

APPENDIX J: DEVELOPER'S PROJECTED TOLL REVENUE COLLECTIONS OVER THE 30-YEAR LIFE OF THE BELLE CHASSE P3 CONTRACT

Tier	Tier 1		Tier 2		Tier 3		Tier 4	
Revenue Payment to DOTD (%)	0.0%		12.5%		25.0%		50.0%	
Contract Year	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling
1st*	-	$8,393,716.29	$8,393,716.30	$9,115,302.37	$9,115,302.38	$9,931,793.09	$9,931,793.10	N/A
2nd	-	$26,800,753.92	$26,800,753.93	$29,104,745.42	$29,104,745.43	$31,711,763.11	$31,711,763.12	N/A
3rd	-	$44,055,542.60	$44,055,542.61	$47,842,883.66	$47,842,883.67	$52,128,344.41	$52,128,344.42	N/A
4th	-	$60,778,641.34	$60,778,641.35	$66,003,623.94	$66,003,623.95	$71,915,808.12	$71,915,808.13	N/A
5th	-	$76,501,136.39	$76,501,136.40	$83,077,741.23	$83,077,741.24	$90,519,316.07	$90,519,316.08	N/A
6th	-	$91,818,282.91	$91,818,282.92	$99,711,663.22	$99,711,663.23	$108,643,198.82	$108,643,198.83	N/A
7th	-	$107,546,670.94	$107,546,670.95	$116,792,180.09	$116,792,180.10	$127,253,679.59	$127,253,679.60	N/A
8th	-	$123,718,990.90	$123,718,990.91	$134,354,792.57	$134,354,792.58	$146,389,439.02	$146,389,439.03	N/A
9th	-	$140,398,921.96	$140,398,921.97	$152,468,654.17	$152,468,654.18	$166,125,824.95	$166,125,824.96	N/A
10th	-	$157,629,293.98	$157,629,293.99	$171,180,276.70	$171,180,276.71	$186,513,515.43	$186,513,515.44	N/A
11th	-	$175,322,885.35	$175,322,885.36	$190,394,940.37	$190,394,940.38	$207,449,306.26	$207,449,306.27	N/A
12th	-	$193,502,213.23	$193,502,213.24	$210,137,098.04	$210,137,098.05	$228,959,840.66	$228,959,840.67	N/A
13th	-	$212,227,497.25	$212,227,497.26	$230,472,146.30	$230,472,146.31	$251,116,373.00	$251,116,373.01	N/A
14th	-	$231,406,954.47	$231,406,954.48	$251,300,411.85	$251,300,411.86	$273,810,301.90	$273,810,301.91	N/A
15th	-	$251,236,031.50	$251,236,031.51	$272,834,143.36	$272,834,143.37	$297,272,887.90	$297,272,887.91	N/A
16th	-	$271,565,394.80	$271,565,394.81	$294,911,169.44	$294,911,169.45	$321,327,433.35	$321,327,433.36	N/A
17th	-	$292,472,116.61	$292,472,116.62	$317,615,188.05	$317,615,188.06	$346,065,133.31	$346,065,133.32	N/A
18th	-	$313,866,569.50	$313,866,569.51	$340,848,866.72	$340,848,866.73	$371,379,936.92	$371,379,936.93	N/A
19th	-	$335,805,952.55	$335,805,952.56	$364,674,321.79	$364,674,321.80	$397,339,524.48	$397,339,524.49	N/A
20th	-	$358,449,918.13	$358,449,918.14	$389,264,930.53	$389,264,930.54	$424,132,803.30	$424,132,803.31	N/A

Tier	Tier 1		Tier 2		Tier 3		Tier 4	
Revenue Payment to DOTD (%)	0.0%		12.5%		25.0%		50.0%	
Contract Year	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling
21st	-	$381,701,594.31	$381,701,594.32	$414,515,493.18	$414,515,493.19	$451,645,150.49	$451,645,150.50	N/A
22nd	-	$405,466,224.55	$405,466,224.56	$440,323,107.22	$440,323,107.23	$479,764,446.20	$479,764,446.21	N/A
23rd	-	$429,820,924.06	$429,820,924.07	$466,771,517.25	$466,771,517.26	$508,581,936.32	$508,581,936.33	N/A
24th	-	$454,777,350.23	$454,777,350.24	$493,873,382.84	$493,873,382.85	$538,111,414.38	$538,111,414.39	N/A
25th	-	$480,569,415.48	$480,569,415.49	$521,882,725.23	$521,882,725.24	$568,629,655.24	$568,629,655.25	N/A
26th	-	$506,898,286.10	$506,898,286.11	$550,475,020.76	$550,475,020.77	$599,783,066.46	$599,783,066.47	N/A
27th	-	$533,864,403.85	$533,864,403.86	$579,759,345.92	$579,759,345.93	$631,690,494.91	$631,690,494.92	N/A
28th	-	$561,480,853.00	$561,480,853.01	$609,749,909.77	$609,749,909.78	$664,367,422.43	$664,367,422.44	N/A
29th	-	$589,837,353.80	$589,837,353.81	$640,544,145.60	$640,544,145.61	$697,920,009.75	$697,920,009.76	N/A
30th	-	$618,965,808.79	$618,965,808.80	$672,176,698.54	$672,176,698.55	$732,386,005.26	$732,386,005.27	N/A
31st**	-	$632,304,489.59	$632,304,489.60	$686,662,071.23	$686,662,071.24	$748,168,885.37	$748,168,885.38	N/A

* The 1st contract year is a partial year beginning on April 13, 2024 (anticipated Partial Acceptance Date) and ending on December 31, 2024.
**The 31st contract year begins January 1 of the calendar year in which the contract terminates and ends on the date of termination.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 Project contract.

APPENDIX K: CALCULATIONS OF THE PROJECTED WINDFALL PAYMENTS TO DOTD BASED ON PROJECTED TOLL REVENUES ($, THOUSANDS).

The calculations for this projection assume that:

a. the developer's projected toll revenue in the contract is the actual amount of toll revenue collected,

b. actual toll revenues collected by the developer exactly match the Tier 3 ceiling amount every year of the entire concession period as provided in Appendix J,

c. tolls will be collected for the entire 30-year term,

d. the developer makes each windfall payment in full at the time it is due, and

e. the partial years (1 and 31) are not pro-rated in the projections because the amount of time it takes to achieve certain toll revenue amounts is not relevant to the formula, given the other assumptions made.

The amount of toll revenue in each Tier is equal to each Tier's Ceiling amount minus the Ceiling amount for the Tier immediately below it:

- Tier 1 = Tier 1 Ceiling - $0
- Tier 2 = Tier 2 Ceiling – Tier 1 Ceiling
- Tier 3 = Tier 3 Ceiling – Tier 2 Ceiling
- Tier 4 = Actual Toll Revenues Collected – Tier 3 Ceiling

DOTD's windfall is calculated by applying the following formula to the above amounts:

Annual Windfall = (Tier 1 * 0.0%) + (Tier 2 * 12.5%) + (Tier 3 * 25.0%) + (Tier 4 * 50.0%) – (The sum of all prior payments made to DOTD)

Contract Year	Tier 1 Toll Revenue (0.0% Payable to DOTD)	Tier 1 Amount Payable to DOTD	Tier 2 Toll Revenue Ceiling) (12.5% Payable to DOTD)	Tier 2 Amount Payable to DOTD	Tier 3 Toll Revenue (25.0% Payable to DOTD)	Tier 3 Amount Payable to DOTD	Tier 4 Toll Revenue (50.0% Payable to DOTD)	Total Amount Eligible for Payment to DOTD (Tier 1 + Tier 2 + Tier 3)	Total Annual Amount Payable to DOTD
1st	$8,393.7	$0.0	$721.6	$90.2	$816.5	$204.1	Actual - $9,931.8	$294.3	$294.3
2nd	$26,800.8	$0.0	$2,304.0	$288.0	$2,607.0	$651.8	Actual - $31,711.8	$939.8	$645.4
3rd	$44,055.5	$0.0	$3,787.3	$473.4	$4,285.5	$1,071.4	Actual - $52,128.3	$1,544.8	$605.0
4th	$60,778.6	$0.0	$5,225.0	$653.1	$5,912.2	$1,478.0	Actual - $71,915.8	$2,131.2	$586.4
5th	$76,501.1	$0.0	$6,576.6	$822.1	$7,441.6	$1,860.4	Actual - $90,519.3	$2,682.5	$551.3
6th	$91,818.3	$0.0	$7,893.4	$986.7	$8,931.5	$2,232.9	Actual - $108,643.2	$3,219.6	$537.1
7th	$107,546.7	$0.0	$9,245.5	$1,155.7	$10,461.5	$2,615.4	Actual - $127,253.7	$3,771.1	$551.5
8th	$123,719.0	$0.0	$10,635.8	$1,329.5	$12,034.6	$3,008.7	Actual - $146,389.4	$4,338.1	$567.1
9th	$140,398.9	$0.0	$12,069.7	$1,508.7	$13,657.2	$3,414.3	Actual - $166,125.8	$4,923.0	$584.9
10th	$157,629.3	$0.0	$13,551.0	$1,693.9	$15,333.2	$3,833.3	Actual - $186,513.5	$5,527.2	$604.2
11th	$175,322.9	$0.0	$15,072.1	$1,884.0	$17,054.4	$4,263.6	Actual - $207,449.3	$6,147.6	$620.4
12th	$193,502.2	$0.0	$16,634.9	$2,079.4	$18,822.7	$4,705.7	Actual - $228,959.8	$6,785.0	$637.4
13th	$212,227.5	$0.0	$18,244.6	$2,280.6	$20,644.2	$5,161.1	Actual - $251,116.4	$7,441.6	$656.6
14th	$231,407.0	$0.0	$19,893.5	$2,486.7	$22,509.9	$5,627.5	Actual - $273,810.3	$8,114.2	$672.5
15th	$251,236.0	$0.0	$21,598.1	$2,699.8	$24,438.7	$6,109.7	Actual - $297,272.9	$8,809.5	$695.3
16th	$271,565.4	$0.0	$23,345.8	$2,918.2	$26,416.3	$6,604.1	Actual - $321,327.4	$9,522.3	$712.8
17th	$292,472.1	$0.0	$25,143.1	$3,142.9	$28,449.9	$7,112.5	Actual - $346,065.1	$10,255.4	$733.1
18th	$313,866.6	$0.0	$26,982.3	$3,372.8	$30,531.1	$7,632.8	Actual - $371,379.9	$11,005.6	$750.2
19th	$335,806.0	$0.0	$28,868.4	$3,608.5	$32,665.2	$8,166.3	Actual - $397,339.5	$11,774.8	$769.3
20th	$358,449.9	$0.0	$30,815.0	$3,851.9	$34,867.9	$8,717.0	Actual - $424,132.8	$12,568.8	$794.0
21st	$381,701.6	$0.0	$32,813.9	$4,101.7	$37,129.7	$9,282.4	Actual - $451,645.2	$13,384.2	$815.3
22nd	$405,466.2	$0.0	$34,856.9	$4,357.1	$39,441.3	$9,860.3	Actual - $479,764.4	$14,217.4	$833.3
23rd	$429,820.9	$0.0	$36,950.6	$4,618.8	$41,810.4	$10,452.6	Actual - $508,581.9	$15,071.4	$854.0
24th	$454,777.4	$0.0	$39,096.0	$4,887.0	$44,238.0	$11,059.5	Actual - $538,111.4	$15,946.5	$875.1
25th	$480,569.4	$0.0	$41,313.3	$5,164.2	$46,746.9	$11,686.7	Actual - $568,629.7	$16,850.9	$904.4
26th	$506,898.3	$0.0	$43,576.7	$5,447.1	$49,308.0	$12,327.0	Actual - $599,783.1	$17,774.1	$923.2
27th	$533,864.4	$0.0	$45,894.9	$5,736.9	$51,931.1	$12,982.8	Actual - $631,690.5	$18,719.7	$945.6

Contract Year	Tier 1 Toll Revenue (0.0% Payable to DOTD)	Tier 1 Amount Payable to DOTD	Tier 2 Toll Revenue Ceiling) (12.5% Payable to DOTD)	Tier 2 Amount Payable to DOTD	Tier 3 Toll Revenue (25.0% Payable to DOTD)	Tier 3 Amount Payable to DOTD	Tier 4 Toll Revenue (50.0% Payable to DOTD)	Total Amount Eligible for Payment to DOTD (Tier 1 + Tier 2 + Tier 3)	Total Annual Amount Payable to DOTD
28th	$561,480.9	$0.0	$48,269.1	$6,033.6	$54,617.5	$13,654.4	Actual - $664,367.4	$19,688.0	$968.3
29th	$589,837.4	$0.0	$50,706.8	$6,338.3	$57,375.9	$14,344.0	Actual - $697,920.0	$20,682.3	$994.3
30th	$618,965.8	$0.0	$53,210.9	$6,651.4	$60,209.3	$15,052.3	Actual - $732,386.0	$21,703.7	$1,021.4
31st**	$632,304.5	$0.0	$54,357.6	$6,794.7	$61,506.8	$15,376.7	Actual - $748,168.9	$22,171.4	$467.7
Total									**$22,171.4**

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**The 31st contract year begins January 1 of the calendar year in which the contract terminates and ends on the date of termination.
Source: Prepared by legislative auditor's staff using information from the Belle Chasse P3 contract.

APPENDIX L: BELLE CHASSE P3 CONTRACT REQUIREMENTS FOR THE DEVELOPER'S OPERATIONS AND MAINTENANCE OF THE NEWLY CONSTRUCTED BRIDGE

Element Category	Element	Performance Requirement
Roadway	Obstructions and debris	Roadway and clear zone free from obstructions and debris
	Pavement	All roadways have a smooth and quiet surface course (including bridge decks, covers, gratings, frames and boxes) with adequate skid resistance and free from Defects. Road users warned of potential skidding hazards.
	Crossovers and other paved areas	Crossovers and other paved areas are free of Defects.
	Joints in concrete	Joints in concrete paving are sealed and watertight. Longitudinal joint separation is controlled.
	Curbs	Curbs are in good alignment and free of Defects.
	Maintenance/Access Roads	Maintenance / access roads are free of Defects
Drainage	Pipes and Channels	Each element of the drainage system is maintained in its proper function by cleaning, clearing and/or emptying as appropriate from the point at which water drains from the travel way to the outfall or drainage way.
	Drainage treatment devices	Drainage treatment and balancing systems, flow and spillage control devices function correctly and their location and means of operation is recorded adequately to permit their correct operation on Emergency.
	Travel Way	The travel way is free from water to the extent that such water would represent a hazard by virtue of its position and depth.
	Discharge systems	Surface water discharge systems perform their proper function and discharge to groundwater and waterways complies with the relevant legislation and permits.
	Protected Species	Named species and habitats are protected.

Element Category	Element	Performance Requirement
Structures	Structures having an opening measured along the center of the roadway of more than 20 feet between undercopings of abutments or springlines of arches or extreme ends of openings or multiple boxes	Substructures and superstructures are free of: • undesirable vegetation • debris and excessive bird droppings • blocked drains, weep pipes manholes and chambers • blocked drainage holes in structural components • defects in joint sealants • defects in pedestrian protection measure • scour damage • corrosion of rebar • paint system failures • impact damage
	Structure components	(i) Expansion joints are free of: • dirt debris and vegetation • defects in drainage systems • loose nuts and bolts • defects in gaskets (ii) The deck drainage system is free of all debris and operates as intended. (iii) Parapets are free of: • loose nuts or bolts • blockages of hollow section drain holes • vegetation • accident damage (iv) Bearings and bearing shelves are clean. Bearings allow for translation and rotation as designed. No presence of water exists on bearings and bearing seats. (v) Sliding and roller surfaces are clean and greased to ensure satisfactory performance. Additional advice contained in bearing manufacturers' instructions is followed. (vi) Special finishes are clean and perform to the appropriate standards. (vii) All non-structural items such as hoists and electrical fixings, operate correctly, are clean and lubricated as appropriate, in accordance with the manufacturer's recommendations and certification of lifting devices is maintained.
	Bridge wearing surface	Bridge wearing surface is in a structurally sound condition in which cracking and concrete cover to reinforcement is controlled to ensure durability.
	Ship impact protection system	The ship impact protection system (if any) including any fenders and exposed foundations shall be maintained such that it is able to perform its intended function.

Element Category	Element	Performance Requirement
	Corrosion protection systems	Corrosion protection systems are intact and operating in line with design intent including: • Paint systems for steel • Concrete surface protection systems • Sacrificial protection systems Zinc metalizing
	Lightning Protection Systems	Lightning protection systems are intact and operating in line with design intent.
	Load Ratings	All structures maintain the design load capacity.
	Access Points	All hatches and points of access have fully operational and lockable entryways.
	Structural Surfaces	Vertical Surfaces free of graffiti, markings by vandalism.
Pavement Markings, Object markers, Barrier Markers and Delineators	Pavement markings	Pavement markings are: • clean and visible during the day and at night • whole and complete and of the correct color, type, width and length • placed to meet the Manual on Uniform Traffic Control Devices (MUTCD) and LA DOTD's Pavement Marking Standard Sheets
	Raised Reflective Markings	Raised reflective pavement markers are: • clean and clearly visible • of the correct color and type • reflective or retroreflective in accordance with LA DOTD standards • correctly located, aligned and at the correct level • are firmly fixed • are in a condition that will ensure that they remain at the correct level.
	Delineators and Markers	Object markers, mail box markers and delineators are: • clean and visible • of the correct color and type • legible and reflective • straight and vertical
Guardrails, Safety Barriers and Impact Attenuators	Guardrails and Safety Barriers	All guardrails, safety barriers, concrete barriers, etc. are maintained free of Defects, and undesirable vegetation. They are appropriately placed and correctly installed at the correct height and distance from roadway or obstacles.
	Impact Attenuators	All impact attenuators are appropriately placed and correctly installed

Element Category	Element	Performance Requirement
Traffic Signs	General - All Gantry-Mounted overhead signs	(i) Signs are clean, correctly located, clearly visible, legible, reflective, at the correct height and free from structural and electrical defects (ii) Identification markers are provided, correctly located, visible, clean and legible (iii) Visibility distances meet the stated requirements (iv) Obsolete and redundant signs are removed or replaced as appropriate (v) Sign information is of the correct size, location, type and wording to meet its intended purpose and any statutory requirements (vi) All structures and elements of the signing system are kept clean and free from debris and have clear access provided. (vii) All replacement and repair materials and equipment are in accordance with the requirements of the MUTCD viii) Dynamic message signs are in an operational condition
	Gantries	Sign and signal mounting structures (including gantries) are structurally sound and free of: • defects in surface protection systems • loose nuts and bolts • graffiti
Lightning	Roadway Lighting	(i) All lighting is free from defects and provides acceptable uniform lighting quality (ii) Lanterns are clean and correctly positioned (iii) Lighting units are free from any damage or vandalism (iv) Columns are upright, correctly founded, visually acceptable and structurally sound
	Sign Lighting	Sign lighting is fully operational
	Electrical Supply	Electricity supply, feeder pillars, cabinets, switches and fittings are electrically, mechanically and structurally sound and functioning
	Access Panels	All access panels in place at all times
	Navigational Lighting	Navigational lighting is fully operational
	Architectural Lighting	All architectural lighting is functioning in accordance with the original design requirements and specifications
	Bridge Inspection Lighting	All bridge inspection lighting is functioning in accordance with original design requirements and specifications

Element Category	Element	Performance Requirement
Fences, Soundwalls and Abatement	Construction	Integrity and structural condition of fences is maintained
Roadside Management	Vegetated Areas - Except landscaped areas – General	Vegetation is maintained so that: (i) Height of grass and weeds is kept within the limits described for urban and rural areas. Mowing begins before vegetation reaches the maximum height. (ii) Spot mowing at intersections, ramps or other areas maintains visibility of appurtenances and sight distance. (iii) Grass or vegetation does not encroach into or on paved shoulders, main lanes, sidewalks, islands, riprap, traffic barrier or curbs. (iv) A full width mowing cycle is completed after the first frost.
	Landscaped Areas	(i) All landscaped areas are maintained to their originally constructed condition. Landscaped areas are as designated in the plans. (ii) Mowing, litter pickup, irrigation system maintenance and operation, plant maintenance, pruning, insect, disease and pest control, fertilization, mulching, bed maintenance, watering is undertaken as per Maintenance Management Plan (MMP). (iii) The height of grass and weeds is kept between 2” and 8”. Mowing begins before vegetation reaches 8 in.
	Fire Hazards	Fire hazards are controlled
	Trees, brush and ornamentals	(i) Trees, brush and ornamentals on the right of way, except in established no mow areas, are trimmed in accordance with LA DOTD standards. (ii) Trees, brush and ornamentals are trimmed to insure they do not interfere with vehicles or sight distance, or inhibit the visibility of signs. (iii) Dead trees, brush, ornamentals and branches are removed. Potentially dangerous trees or limbs are removed. (iv) All undesirable trees and vegetation are removed. Diseased trees or limbs are treated or removed by licensed contractors.
	Wetlands	Wetlands are managed in accordance with the permit requirements.
Earthworks, Embarkments and Cuttings	Slope Failure	All structural or natural failures of the embankment and cut slopes of the Project are repaired

Element Category	Element	Performance Requirement
	Slopes - General	Slopes are maintained in general conformance to the original graded cross-sections, the replacement of landscaping materials, reseeding and revegetation for erosion control purposes and removal and disposal of all eroded materials from the roadway and shoulders
Intelligent Transportation System (ITS) Equipment	ITS Equipment - Maintenance	All ITS equipment is fully functional and housing is functioning and free of defects. (i) All equipment and cabinet identification numbers are visible, sites are well drained and access is clear. (ii) Steps, handrails and accesses are kept in a good condition. (iii) Access to all communication hubs, ground boxes, cabinets and sites is clear. (iv) All drainage is operational and all external fixtures and fittings are in a satisfactory condition. (v) All communications cable markers, cable joint markers and duct markers are visible and missing markers are replaced. (vi) Backup power supply system is available at all times
	Dynamic Message Sign Equipment	Dynamic Message Signs are free from faults such as: (i) Any signal displaying a message which is deemed to be a safety hazard. (ii) Failure of system to clear sign settings when appropriate. (iii) 2 or more contiguous sign failures that prevent control office setting strategic diversions. (iv) Signs displaying an incorrect message.
	Closed Circuit Television (CCTV Equipment)	CCTV Systems are free from serious faults that significantly limit the availability of the operators to monitor the area network, such as: (i) Failure of CCTV Systems to provide control offices with access and control of CCTV images. (ii) Failure of a CCTV camera or its video transmission system. (iii) Failure of a Pan / Tilt unit or its control system. (iv) Moisture ingress onto CCTV camera lens. (v) Faults that result in significant degradation of CCTV images.

Element Category	Element	Performance Requirement
	Vehicle Detection Equipment	All equipment free of defects and operational problems such as: (i) Inoperable loops. (ii) Malfunctioning camera controllers.
Tolling Facilities and Buildings	Developer-specified	
Snow and Ice Control	Travel lanes	Maintain travel way free from snow and ice.
	Weather Forecasting	Weather forecast information is obtained and assessed and appropriate precautionary treatment is carried out to prevent ice forming on the travel way.
	Operational Plans	Operate snow and ice clearance plans to maintain traffic flows during and after snowfall and restore the travel way to a clear condition as soon as possible.
	Operations and Maintenance Manual	Operations and maintenance instructions for the anti-icing system and items of equipment (if used)
Incident Response	General	Monitor the Project and respond to Incidents in accordance with the MMP.
	Hazardous Materials	Monitor the Project and respond to Incidents involving Hazardous Materials in accordance with the MMP.
	Structural Assessment	Evaluate structural damage to structures and liaise with emergency services to ensure safe working environment while clearing the incident.
	Temporary and permanent remedy	Propose and implement temporary measures or permanent repairs to Defects arising from the incident. Ensure the structural safety of any structures affected by the Incident.
Customer Response	Response to inquiries	Timely and effective response to customer inquiries and complaints.
	Customer contact line	Telephone line manned during business hours and 24-hour availability of messaging system. Faults to telephone line or message system rectified.

Element Category	Element	Performance Requirement
Sweeping and Cleaning	Sweeping	(i) Keep all channels, hard shoulders, gore areas, ramps, intersections, islands and frontage roads swept clean with vacuum sweepers, (ii) Clear and remove debris from traffic lanes, hard shoulders, verges and central reservations, footways and cycle ways (iii) Remove all sweepings without stockpiling in the right of way and dispose of at approved tip.
	Litter	(i) Keep the right of way in a neat condition, remove litter regularly. (ii) Pick up large litter items before mowing operations. Dispose of all litter and debris collected at an approved solid waste site.
Source: Prepared by legislative auditor's staff using information from the Technical Provisions to the Belle Chasse P3 contract.		